

**Exhibit 1**

**Deposition Transcript of Lily Cheung**

**In the Matter Of:**

*In Re - Fieldwood Energy*

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*LILY CHEUNG*

*June 04, 2021*

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	5		7
1	APPEARANCES (Continued)	1	INDEX
2	FOR BP:	2	PAGE
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	-and-		
4	Craig Duewall, Esq.	4	Appearances.....
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8		11	
9	FOR ZURICH AMERICAN INSURANCE COMPANY:	12	Exhibit 1 A copy of an 18-page document 17
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	CLARK HILL, P.L.C.		Forecasts and Abandonment"
11	720 Brazos Street	14	Exhibit 2 A copy of a four-page document 57
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31	APPEARANCES (Continued)	1	PROCEEDINGS
32	ALSO PRESENT:	2	THE VIDEOGRAPHER: Okay. We are
33	Mr. Raghib Page, Document Technician	3	now on the record. Today's date is June 4th,
34	Ms. Rachel Mimms	4	2021 and the time is 11:09 a.m. Central Standard
35	Mr. Garrett Galloway	5	Time.
36	Mr. G. Roberts	6	This is the Video Deposition of
37	Mr. Jeremiah Evans	7	Lily Cheung in the matter of in re: Fieldwood
38	Mr. Brian Roy	8	Energy, L.L.C., et al, filed in the United States
39	Ms. Samantha Smith	9	Bankruptcy Court for the Southern District of
40	Mr. Robert Miller, Esq. (For Philadelphia Indemnity	10	Texas, Houston Division; Case Number 20-33948
41	Insurance Company)	11	(MI.)
42		12	This deposition is taking place via
43		13	web videoconference with all participants
44		14	attending remotely due to the COVID pandemic.
45		15	My name is Raghib Page. I will be
46		16	the monitor today representing Lexitas.
47		17	Would the counsel in the conference
48		18	please identify yourself and say whom you are
49		19	representing beginning with the questioning
50		20	attorney?
51		21	MR. GENENDER: Paul Genender, Weil,
52		22	Gotshal & Manges for the Debtors.
53		23	MR. KNAPP: Brad Knapp with Locke
54		24	Lord on behalf of HCCI International Insurance
55		25	Company, P.L.C. I'll be defending the

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<p>1 deposition. I believe remaining counsel will be 2 making their appearances by e-mail given the 3 number of participants.</p> <p>4 MR. GENENDER: Brad, any objection 5 by you will be good for the other parties so 6 people aren't going to be making multiple 7 objections unnecessarily; right?</p> <p>8 MR. KNAPP: I will be the only 9 objector as far as I'm aware.</p> <p>10 MR. GENENDER: Very good.</p> <p>11 THE VIDEOGRAPHER: Okay. Our Court 12 Reporter today is Dawna Suzanne Kelly 13 representing Lexitas, as well.</p> <p>14 The Court Reporter will now swear 15 in the witness.</p> <p>16 THE COURT REPORTER: If you would 17 please raise your right hand, I'll administer the 18 witness's oath to you.</p> <p>19 Do you solemnly swear or affirm 20 that the testimony which you give in this case 21 will be the truth, the whole truth and nothing 22 but the truth, so help you God?</p> <p>23 THE WITNESS: I do.</p> <p>24 THE COURT REPORTER: Thank you.</p> <p>25</p>	<p>9</p> <p>1 my client.</p> <p>2 Q. Did you testify in Court?</p> <p>3 A. No.</p> <p>4 Q. Have you ever served as an expert 5 witness before?</p> <p>6 A. No.</p> <p>7 Q. Let me go through a few ground rules to 8 make this run as smoothly as possible.</p> <p>9 If you don't hear a question that I 10 asked you, will you let me know?</p> <p>11 A. Yes.</p> <p>12 Q. If you don't understand a question I 13 asked you, will you let me know?</p> <p>14 A. Yes.</p> <p>15 Q. If you don't let me know, am I safe to 16 assume you have both heard and understood my 17 question?</p> <p>18 A. Yes.</p> <p>19 Q. Great. You understand you're under oath 20 as if you're in court?</p> <p>21 A. Yes.</p> <p>22 Q. Do you have -- and where are you 23 physically located?</p> <p>24 A. I'm in Houston, Texas in my office.</p> <p>25 Q. Is anyone in the room with you?</p>	<p>11</p>
<p>1 LILY W. CHEUNG, 2 having sworn to testify the truth, the whole 3 truth, and nothing but the truth testifies on the 4 witness's oath as follows:</p> <p>5 EXAMINATION</p> <p>6 BY MR. GENENDER:</p> <p>7 Q. Would you please state your full name 8 for the record?</p> <p>9 A. Lily Wengton Cheung.</p> <p>10 Q. Have you given a deposition before?</p> <p>11 A. I have.</p> <p>12 Q. On how many occasion occasions?</p> <p>13 A. One.</p> <p>14 Q. When was that?</p> <p>15 A. Gosh. Within the last 10 years, but I 16 can't recall the exact date.</p> <p>17 Q. Do you recall the case?</p> <p>18 A. Yes. It was -- I don't recall the full 19 case name. It was on behalf of one of my clients 20 at the time.</p> <p>21 Q. Were -- did -- were you serving as an 22 expert witness?</p> <p>23 A. As a -- I believe I was a fact witness.</p> <p>24 Q. Okay. What -- in what context?</p> <p>25 A. I had done the third-party reserves for</p>	<p>10</p> <p>12</p> <p>1 A. No.</p> <p>2 Q. What is your -- are you at a desk or a 3 conference table?</p> <p>4 A. I'm at a desk.</p> <p>5 Q. And what's in front of you?</p> <p>6 A. A camera and just office supplies and 7 some drinks.</p> <p>8 Q. Okay. I'll resist the urge to ask you 9 which drinks, but do you have any -- any papers 10 recording this case in front of you?</p> <p>11 A. I do not.</p> <p>12 Q. Do you have a hardcopy of your report?</p> <p>13 A. I do. It's behind me.</p> <p>14 Q. Okay. When we get to that, we'll mark 15 it as an exhibit. I'm okay with you looking at 16 it as long as you represent to me it's exactly 17 what your report is.</p> <p>18 A. Uh-huh.</p> <p>19 Q. If that's easier for you than looking at 20 it, I perfectly -- I don't want you to feel 21 constrained to whatever we show you on the screen 22 with any document. Okay?</p> <p>23 And I think the report is one that 24 we probably will be going through a bit, as you 25 can imagine. Okay?</p>	<p>12</p>

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	13	14	15
1     A. Sure. Yes.		1 <b>Q. Have you prepared any documents other</b>	
2 <b>Q. How are you employed?</b>		2 <b>than your report?</b>	
3     A. Full-time as an engineer.		3     A. No.	
4 <b>Q. What's your position with -- with</b>		4 <b>Q. In connection with your expert</b>	
5 <b>Netherland, Sewell?</b>		5 <b>testimony?</b>	
6     A. Vice President.		6     A. No.	
7 <b>Q. And how long have you been employed at</b>		7 <b>Q. Okay. Thank you.</b>	
8 <b>Netherland, Sewell?</b>		8 <b>And so, you've -- when you refer to</b>	
9     A. Since 2007.		9 <b>the Houlihan report in Exhibit O and the -- some</b>	
10 <b>Q. Okay. And how long have you been a Vice</b>		10 <b>of the back-up to Exhibit O, those are things you</b>	
11 <b>President?</b>		11 <b>reviewed in connection with getting ready for</b>	
12    A. Since 2013.		12 <b>today?</b>	
13 <b>Q. And was the case that you previously</b>		13    A. Yes.	
14 <b>testified in, was it U.S. versus Nordlicht, et</b>		14 <b>Q. Did you make any notes about any of</b>	
15 <b>al?</b>		15 <b>those documents?</b>	
16    A. That was -- I was not deposed on that		16    A. I did. But I don't have them with me,	
17    case. I had an interview with the DOJ.		17    not in front of me.	
18 <b>Q. Okay. Did you provide testimony in that</b>		18 <b>Q. Okay. When did you make the notes?</b>	
19 <b>case?</b>		19    A. Last night when I was flipping through	
20    A. I did.		20    the documents.	
21 <b>Q. What is the nature of your testimony in</b>		21 <b>Q. And what was the nature of the notes?</b>	
22 <b>that case?</b>		22    A. Just highlighting keywords and key	
23    A. It was just asking me if I provided the		23    pages.	
24    third-party reserve audit -- audit for my client		24 <b>Q. Okay. And where -- where are those --</b>	
25    for several years of reporting.		25 <b>where are those notes now?</b>	
	14		16
1 <b>Q. What did you do to prepare for today's</b>		1     A. It's on a Post-It note behind me on my	
2 <b>deposition?</b>		2     desk.	
3     A. I had a quick conversation with Brad		3 <b>Q. In the room you're in now?</b>	
4     last -- yesterday evening.		4     A. Yes.	
5 <b>Q. Okay. And how long did y'all speak?</b>		5 <b>Q. Can you grab it? So exciting.</b>	
6     A. Maybe half an hour.		6     A. Do you want me to have them in front of	
7 <b>Q. Okay. Did you review any documents that</b>		7     me?	
8 <b>refreshed your recollection on anything?</b>		8 <b>Q. Sure. I mean my next -- out of pure</b>	
9     A. I did. I've looked at my own documents		9 <b>curiosity because I love Post-It notes, I was</b>	
10    and a handful of the other documents that I had		10 <b>going to ask you what size Post-It note but it</b>	
11    referenced in my own document.		11 <b>looks like it was one of those larger ones.</b>	
12 <b>Q. Okay. When you say "your own document,"</b>		12    A. (Demonstrates to camera.)	
13 <b>what do you mean?</b>		13 <b>Q. There you go. Can you read what you</b>	
14    A. My expert report.		14 <b>wrote?</b>	
15 <b>Q. Okay. Did you look at any documents you</b>		15    A. I wrote, "As of" -- this is in reference	
16 <b>prepared other than your expert report?</b>		16    to the reserves report. "As is," you know, un --	
17    A. Yes. I reviewed the Houlihan Lokey		17    unchanged, "PDP plus PDSI is 23,000 barrels, PDNP	
18    expert report. I quickly went over the Exhibit O		18    is 6.8" which equates to 30,000 barrels a day.	
19    and, also, the back-up that fed into Exhibit O.		19         And I also referenced how much	
20 <b>Q. Okay. So I want to clarify because I</b>		20    capital the company had in their reserve report	
21 <b>actually asked you a different question than</b>		21    for Year 1 for PDNP which was 123 million.	
22 <b>that. I want to make sure we're clear.</b>		22 <b>Q. Okay. Have you read me everything on</b>	
23 <b>Did you review any documents that</b>		23 <b>the -- on your note?</b>	
24 <b>you prepared other than your report?</b>		24    A. Underneath I have my expectations, which	
25    A. No.		25    I just said, "19,000 for PDP plus PDSI plus 3.7	

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<p>17</p> <p>1 for PDNP equating to 23 for the first year of 2 2021."</p> <p>3 Q. And are those calculations you made?</p> <p>4 A. Yes.</p> <p>5 Q. Okay. We'll get into your report.</p> <p>6 Do you have any work papers that 7 support your report?</p> <p>8 A. Not in front of me or behind me. It's 9 been digital.</p> <p>10 Q. Okay. Okay. Is -- so there's an Excel 11 that supports the work you did that's reflected 12 in your report?</p> <p>13 A. Yes.</p> <p>14 Q. Okay. Can you let's -- we're going to 15 mark your report as "Exhibit 1." I want to get 16 to -- to it, Page 4 of it. If you don't mind.</p> <p>17 A. Can I pull my copy, my hardcopy?</p> <p>18 Q. You sure may. Yes.</p> <p>19 Do you see -- and do you have Page 20 4 in front of you and it's also on the screen?</p> <p>21 A. Yes.</p> <p>22 Q. And for the record, your report has been 23 marked as "Exhibit 1" for -- to your deposition. 24 Okay?</p> <p>25 A. Yes.</p>	<p>19</p> <p>1 Q. Okay. And what's the basis of that 2 understanding?</p> <p>3 A. That's -- that's just how I understood 4 the question.</p> <p>5 Q. Did you -- did you -- you said, 6 "request." I also want to make sure we're clear 7 that that would include Rule 26?</p> <p>8 A. Can you clarify that?</p> <p>9 Q. Did you rely on -- on your counsel to 10 determine what should be provided to us in 11 connection with your expert materials that were 12 produced on May 24th?</p> <p>13 A. They told me to list out all the 14 documents that I reviewed that was provided to us 15 by Fieldwood and any other public sources. And I 16 have listed those things out on this.</p> <p>17 Q. Did you -- did use your work -- the 18 Excel that you referred to, did you use it in 19 preparing your report?</p> <p>20 A. I did and it summarized the -- it's 21 summarized in here.</p> <p>22 Q. Okay. So looking at Exhibit 1, Page 4, 23 it says, "The following documents, information, 24 and data sources were used in calculating the 25 oil, gas and NGL profile, associated revenue and</p>
<p>18</p> <p>1 Q. Can you show me where on Exhibit 4 your 2 work papers are listed?</p> <p>3 I'm sorry. We're on Exhibit 1, 4 Page 4 of Exhibit 1, your work papers are listed.</p> <p>5 A. My work papers are not listed.</p> <p>6 Q. Okay. Have you provided those work 7 papers to your counsel?</p> <p>8 A. In an -- in an Excel format that was put 9 on PowerPoint.</p> <p>10 Q. When did you do that?</p> <p>11 A. It's been several weeks.</p> <p>12 Q. Okay. Are you aware that has not been 13 provided to us, to the Debtors?</p> <p>14 A. The -- the results of my work is -- is 15 in this document.</p> <p>16 Q. But I asked you a different question.</p> <p>17 Are you aware that your work papers 18 have not been provided to the Debtors?</p> <p>19 A. I am not aware.</p> <p>20 Q. Are you aware that the Debtors requested 21 all documents you relied upon which would include 22 your work papers?</p> <p>23 A. My understanding was the data that I 24 received that I used, not my work product. And 25 my work product was put into this document.</p>	<p>20</p> <p>1 estimation of P &amp; A."</p> <p>2 Do you see where it says -- where 3 you wrote that?</p> <p>4 A. Yes.</p> <p>5 Q. Okay. But your Excel work papers are 6 not listed on items 1 through 24 below that; 7 correct?</p> <p>8 A. Correct.</p> <p>9 Q. But you used them to develop your 10 opinions that are reflected in Exhibit 1; right?</p> <p>11 A. Yes. It's a direct output of the ARIES 12 file which is listed on here.</p> <p>13 Q. It's a direct output? Your -- your 14 papers -- we don't have the benefit of seeing 15 your work papers as I sit here now. I haven't 16 seen them; right?</p> <p>17 A. No.</p> <p>18 Q. I haven't seen how -- your report 19 doesn't reflect how you calculated things you 20 calculated, it might have the answers, but it 21 doesn't show how you calculated them. Does it?</p> <p>22 MR. KNAPP: Objection. Form.</p> <p>23 THE WITNESS: No.</p> <p>24 BY MR. GENENDER:</p> <p>25 Q. Can you answer the question?</p>

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<p>1     A. No. The back-up to my results are not 2 in here.</p> <p>3     <b>Q. Okay. And have you -- did you have the 4 benefit of seeing the back-up to Exhibit O?</b></p> <p>5     A. Yes.</p> <p>6     <b>Q. The financial projections?</b></p> <p>7     A. Yes. I reviewed it.</p> <p>8     <b>Q. Okay. Would you have been able to 9 analyze Exhibit O without the back-up?</b></p> <p>10    A. No.</p> <p>11    <b>Q. Do you think it's fair for the Debtors 12 to have to analyze your report without your 13 back-up, even though you had the back-up to 14 Exhibit O in analyzing it?</b></p> <p>15    A. I think it's fair. That my results came 16 from directly what they provided me in their own 17 database and in their own documents.</p> <p>18    <b>Q. We'll get into -- we'll get into that. 19 And -- and ultimately, obviously, whether it's 20 fair or not is not for you or me to decide. 21 We'll get into that as we go further into your 22 opinions.</b></p> <p>23    <b>You were retained in the early part 24 of December 2020; is that right?</b></p> <p>25    A. Yes.</p>	<p>21</p> <p>1     <b>W. Cheung," and then it has the case name.</b> 2     A. Essentially as soon as we got the 3 year-end reserves report and the database. I 4 think that was sometime in April.</p> <p>5     <b>Q. April -- when in April?</b> 6     A. I would have to -- I would have to check 7 my notes to see when we got that database.</p> <p>8     <b>Q. So you started working on Exhibit 1 9 sometime in April of 2021?</b> 10    A. Not -- okay. Let me clarify. I did not 11 start working on the actual documentation but 12 started to get familiar with the -- the data that 13 we received to see what we got and how it could 14 be used.</p> <p>15    <b>Q. Did you start -- and you had a phone 16 call with representatives of Fieldwood. Didn't 17 you?</b> 18    A. Yes.</p> <p>19    <b>Q. Do you recall the date of that call?</b> 20    A. I want to say April -- April -- sometime 21 mid April.</p> <p>22    <b>Q. April 21st, 2021, sound right?</b> 23    A. It sounds about when it might have 24 happened. I can't confirm exactly.</p> <p>25    <b>Q. Do you recall who you spoke with from</b></p>
<p>22</p> <p>1     <b>Q. What were you retained to do?</b> 2     A. To provide engineering consulting to 3 the -- the team of lawyers that were representing 4 the sureties.</p> <p>5     <b>Q. Okay. Who -- who contacted you?</b> 6     A. Brad Knapp.</p> <p>7     <b>Q. Had you worked with Mr. Knapp before?</b> 8     A. I have.</p> <p>9     <b>Q. In what context?</b> 10    A. He does some of the documentation, the 11 legal documentation for our firm.</p> <p>12    <b>Q. The -- when was it determined you were 13 going to provide an expert opinion in this case?</b> 14    A. Initially, it was partial -- part of the 15 kind of the scope of that it could happen.</p> <p>16        In the earlier part of the 17 engagement, it was mostly just consulting on the 18 dataflow that was coming in and what they were 19 receiving. So I couldn't give you a date.</p> <p>20    <b>Q. When did you start working on Exhibit 1?</b> 21    A. Can you remind what Exhibit 1 is? 22 That's my document; right? My expert --</p> <p>23    <b>Q. Well, yes. It's your report that was 24 entitled "FWEI Production Forecast and 25 Abandonment May 24, 2021, Expert Report of Lily</b></p>	<p>24</p> <p>1     <b>Fieldwood?</b> 2     A. Mr. Dean.</p> <p>3     <b>Q. Anyone else?</b> 4     A. I think he was the main person on that 5 call.</p> <p>6     <b>Q. Did you ask questions during that call?</b> 7     A. Yes.</p> <p>8     <b>Q. And were there any questions that you 9 asked that were not answered?</b> 10    A. I don't recall any specific questions 11 that were not answered.</p> <p>12    <b>Q. So to the best of your recollection, all 13 of your questions were answered by Fieldwood to 14 your satisfaction?</b> 15        MR. KNAPP: Objection. Form. 16        THE WITNESS: Some questions were 17 answered but probably not to the level of detail 18 I would have liked.</p> <p>19    BY MR. GENENDER: 20        <b>Q. Did you take notes during that call?</b> 21        A. I did.</p> <p>22        <b>Q. Did those notes form a basis for any of 23 the opinions reflected in Exhibit 1 of your 24 report?</b> 25        A. No. A lot of it was just through the</p>

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<p>1 conversation that I remember. So the notes, I 2 really didn't have to refer back to my notes too 3 much.</p> <p>4 <b>Q. Did you rely on anything you learned 5 during that April 21, 2021 call in preparing any 6 of your opinions --</b></p> <p>7 A. Yes.</p> <p>8 <b>Q. -- reflected in Exhibit 1?</b></p> <p>9 A. Yes.</p> <p>10 <b>Q. But you didn't list that call on Page 4 11 of your report; did you?</b></p> <p>12 MR. KNAPP: Objection. Form.</p> <p>13 THE WITNESS: I didn't.</p> <p>14 BY MR. GENENDER:</p> <p>15 <b>Q. Should you have?</b></p> <p>16 MR. KNAPP: Objection. Form.</p> <p>17 THE WITNESS: I mean it's -- it was 18 useful information. I did list his position 19 where he repeated a number of this that we spoke 20 during that call.</p> <p>21 BY MR. GENENDER:</p> <p>22 <b>Q. Yeah. But that's not what I asked you. 23 Did you reference on here that you 24 had a call on April 21 with the Debtors and asked 25 questions and relied on that information in</b></p>	<p>25</p> <p>1 <b>you're referring to, Mr. Hanson's April 2 20 -- April 21st report?</b></p> <p>3 A. Yes.</p> <p>4 <b>Q. Okay. How did you use Mr. Hanson's 5 report in preparing your opinions? If at all?</b></p> <p>6 A. I reviewed what -- what assumptions he 7 used, which documents he used. Some of the 8 values he used in his evaluation.</p> <p>9 <b>Q. Did you rely on any specific information 10 in his report in preparing your report or 11 arriving at your opinions?</b></p> <p>12 A. Yes.</p> <p>13 <b>Q. What information did you rely on?</b></p> <p>14 A. There was a per-day rate of oil and gas 15 production that he referenced that did not tie to 16 what I understood was a current production rate 17 for the company.</p> <p>18 <b>Q. Okay. So how did you rely upon that?</b></p> <p>19 A. On his reports overstating the rate?</p> <p>20 <b>Q. Is that your opinion, that his report 21 overstated the rate?</b></p> <p>22 A. Yes.</p> <p>23 <b>Q. Where is that reflected in your -- where 24 is that reflected in your report?</b></p> <p>25 A. I don't come out straight and say that</p>
<p>1 <b>preparing your opinions?</b></p> <p>2 A. I did not.</p> <p>3 <b>Q. You referenced earlier that you looked 4 at the Houlihan report I guess last night. Which 5 report did you look at?</b></p> <p>6 A. I've only seen one report from Houlihan 7 Lokey one that I have received would be his 8 expert report.</p> <p>9 <b>Q. Who is -- who is "he" that you're 10 referring to?</b></p> <p>11 A. J.P. Hanson.</p> <p>12 <b>Q. J.P. as in "Paul" Hanson?</b></p> <p>13 A. J.P.</p> <p>14 <b>Q. Okay. Do you recall the date of 15 Mr. Hanson's report?</b></p> <p>16 A. I do not.</p> <p>17 <b>Q. Did you review his rebuttal report?</b></p> <p>18 A. I have not seen that.</p> <p>19 <b>Q. You understand that Mr. Hanson's expert 20 report is dated April 21, 2021?</b></p> <p>21 A. That sounds about right. That's kind of 22 when I received the report.</p> <p>23 <b>Q. Okay. And you list that on Page 4 of 24 your report as -- you said Houlihan Lokey 25 valuation expert report in Item 23. Is that what</b></p>	<p>26</p> <p>1 the Houlihan Lokey report is overstated, but I do 2 point out the data that was used by Houlihan 3 Lokey in their evaluation also overstates the 4 production rates.</p> <p>5 <b>Q. Can you show me where that's reflected 6 in your report, please?</b></p> <p>7 A. It's on Page 10.</p> <p>8 <b>Q. Let me get there. Can you show me where 9 on Page 10 it references Houlihan Lokey on Mr. 10 Hanson -- or his report?</b></p> <p>11 A. It doesn't. It references Exhibit O.</p> <p>12 <b>Q. Okay. My question was: What aspect of 13 Mr. Hanson's report from April 21 did you rely on 14 arriving at your opinions, and you pointed me to 15 Page 10; right?</b></p> <p>16 A. Correct.</p> <p>17 <b>Q. Page 10 doesn't reference Houlihan 18 Lokey, Mr. Hanson or his report; correct?</b></p> <p>19 A. It does not.</p> <p>20 <b>Q. And do you know who prepared Exhibit O 21 that is referenced on Page 10?</b></p> <p>22 A. I believe it was Fieldwood management.</p> <p>23 <b>Q. Let me go back to my original question: 24 Were there any aspects of Mr. Hanson's report 25 that you relied on arriving at your opinions?</b></p>

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<p style="text-align: right;">29</p> <p>1           MR. KNAPP: Objection. Form.  2           THE WITNESS: I saw the documents  3 that he had relied on and I saw a reference to  4 his assumptions of the documents that he relied  5 on in the disclosure statement and what I wanted  6 to understand was should it have been relied on,  7 on this data? Should this data have been used  8 as -- as provided by the company?  9 BY MR. GENENDER:  10          <b>Q. What data?</b>  11          A. The Exhibit O.  12          <b>Q. Okay. Let me approach this a little bit</b>  13 <b>differently.</b>  14          <b>Exhibit 1 reflects your entire</b>  15 <b>report, all of the opinions that you're offering</b>  16 <b>in this case; right?</b>  17          A. Yes.  18          <b>Q. You don't have any additional opinions.</b>  19 <b>Do you?</b>  20          A. That was out -- that was not outside the  21 scope.  22          <b>Q. Say again?</b>  23          A. Not outside the scope of this expert  24 report.  25          <b>Q. So just to be -- make sure you and I are</b></p>	<p style="text-align: right;">31</p> <p>1           MR. KNAPP: Objection. Form.  2           THE WITNESS: I believed he had  3 reviewed the company plan, the five-year  4 forecast.  5 BY MR. GENENDER:  6          <b>Q. So where -- which one of these opinions</b>  7 <b>relates to Mr. Hanson's reliance on the company's</b>  8 <b>business plan?</b>  9          A. I think the first bullet point that  10 references the company plan model is a piece of  11 data that he also used.  12          MR. GENENDER: Okay. I'm going to  13 object as non-responsive because I didn't ask you  14 that.  15 BY MR. GENENDER:  16          <b>Q. I said which one of these opinions</b>  17 <b>references Mr. Hanson's reliance on the business</b>  18 <b>plan?</b>  19          A. None of these.  20          <b>Q. Okay. Thank you. Thank you.</b>  21            I understand that your report  22 relates to Exhibit O, the business plan. I get  23 that. Okay? I'm not fussing about that.  24            I just -- I just didn't see any  25 reference in your report to any of Mr. Hanson's</p>
<p style="text-align: right;">30</p> <p>1          <b>not talking past each other, Exhibit 1, your</b>  2 <b>report, contains all opinions that you intend to</b>  3 <b>offer in this case?</b>  4          A. Correct.  5          <b>Q. Okay. And those opinions are reflected</b>  6 <b>on Page 6 of your report under "Conclusion."</b>  7 <b>Right?</b>  8          A. Correct.  9          <b>Q. And those four conclusions, and we will</b>  10 <b>go into them in some detail throughout the</b>  11 <b>deposition, but those four conclusions don't</b>  12 <b>mention Mr. Hanson's report. Do they?</b>  13          A. It does not.  14          <b>Q. It doesn't mention any of Mr. Hanson's</b>  15 <b>opinions either?</b>  16          A. It does not.  17          <b>Q. It doesn't mention any information he</b>  18 <b>considered or relied upon. Does it?</b>  19          A. If mentions some of the same data that  20 he reviewed for his opinion but does not state  21 exactly that I -- that I'm referencing  22 Mr. Hanson.  23          <b>Q. Well, it might -- it doesn't refer to</b>  24 <b>any information that Mr. Hanson, himself, relied</b>  25 <b>on; right?</b></p>	<p style="text-align: right;">32</p> <p>1          <b>opinions. And it sounds like you're agreeing</b>  2 <b>with me that your report doesn't reference his</b>  3 <b>opinions.</b>  4          A. Not directly.  5          <b>Q. How does it indirectly reference his</b>  6 <b>opinions?</b>  7          A. I think it references similar data or  8 the same data that he had reviewed.  9          <b>Q. Okay. But that wouldn't be one of his</b>  10 <b>opinions. Would it?</b>  11            That would be that you all might  12 have looked at the same underlying data. He  13 reaches an opinion. You reach an opinion. But  14 you're not really critiquing his opinions. Are  15 you?  16          MR. KNAPP: Objection. Form.  17          THE WITNESS: In my opinion, if he  18 is relying on a piece of data that I think is not  19 as accurate as it should -- could be, that  20 indirectly implies that, he -- if he has taken it  21 at face value that I disagree with his opinion  22 that it's based upon that same data.  23 BY MR. GENENDER:  24          <b>Q. Can you show me where in your report</b>  25 <b>that's reflected what you just said?</b></p>

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<p>1 A. It doesn't state that.</p> <p>2 Q. Thank you. So it's not one in your</p> <p>3 opinions in this case. Is it?</p> <p>4 A. Not directly.</p> <p>5 Q. Well, I don't want to get into a debate</p> <p>6 on directly or indirectly but your conclusions in</p> <p>7 this case are on Page 6 of your report; right?</p> <p>8 A. Yes.</p> <p>9 Q. And what you said about if Mr. Hanson</p> <p>10 relied upon something, and you disagree with his</p> <p>11 reliance on it, that's not one of your</p> <p>12 conclusions? Is it?</p> <p>13 A. No.</p> <p>14 Q. Thank you so much.</p> <p>15 So we -- I want to go back to Page</p> <p>16 4 of your report. Who prepared the list that is</p> <p>17 Page 4? Documents and Data Considered.</p> <p>18 A. I did.</p> <p>19 Q. Okay. And -- and -- and we identified</p> <p>20 that your Excel worksheets and work files are not</p> <p>21 included. We identified that there is not a</p> <p>22 reference to your conversation with Fieldwood</p> <p>23 execs.</p> <p>24 Anything else that as you sit here</p> <p>25 today, was reviewed or considered or used that's</p>	33	<p>1 A. I had not put together this document. A</p> <p>2 lot of this work is outside of PowerPoint and</p> <p>3 different other softwares.</p> <p>4 Q. So --</p> <p>5 A. Took some time to summarize it.</p> <p>6 Q. Okay. So is your point that the</p> <p>7 conclusions were all reached, it took you from</p> <p>8 mid April -- early to mid April to May 24th to</p> <p>9 get it into publication form?</p> <p>10 MR. KNAPP: Objection. Form.</p> <p>11 BY MR. GENENDER:</p> <p>12 Q. Is that what you're saying?</p> <p>13 A. Not the full time. It took some time to</p> <p>14 work through the data that we were provided. It</p> <p>15 takes some time to generate the opinion based on</p> <p>16 that data and then it takes some time to form it</p> <p>17 into a presentable format like this.</p> <p>18 Q. Okay. I thought I heard you say that</p> <p>19 the conclusions, themselves were preliminarily</p> <p>20 arrived at in early April, finally arrived at</p> <p>21 about a week after which would have been early to</p> <p>22 mid April. Is that right?</p> <p>23 A. Thereabouts.</p> <p>24 Q. Okay. In other words, to be a little</p> <p>25 bit more precise when I'm saying "your opinions"</p>	35
<p>1 not listed on Exhibit 4? On Page 4 of Exhibit</p> <p>2 1 -- excuse me.</p> <p>3 A. Not that I can think of.</p> <p>4 Q. Okay. And you agree with me that of the</p> <p>5 24 items listed on Page 4 of Exhibit 1, you</p> <p>6 didn't prepare any of those; right? Those are</p> <p>7 all items prepared by others; right?</p> <p>8 A. Correct.</p> <p>9 Q. Okay. So when did you actually start</p> <p>10 working on Exhibit 1?</p> <p>11 A. Early April.</p> <p>12 Q. When did you finish? When did you</p> <p>13 reach -- when did you reach any of your</p> <p>14 preliminary conclusions?</p> <p>15 A. Early April.</p> <p>16 Q. When did you reach your final</p> <p>17 conclusions?</p> <p>18 A. Maybe a week or so from that.</p> <p>19 Double-checking my work.</p> <p>20 Q. A week or so from early April?</p> <p>21 A. Yes.</p> <p>22 Q. Okay. Do you have an explanation for</p> <p>23 why Exhibit 1 wasn't produced until May 24th,</p> <p>24 2021, if you had reached your final conclusions</p> <p>25 in early to mid April?</p>	34	<p>1 like on Page 6 of your report, those four</p> <p>2 conclusions, those were in effect -- those</p> <p>3 haven't changed since early to mid April? Have</p> <p>4 they?</p> <p>5 MR. KNAPP: Objection. Form.</p> <p>6 THE WITNESS: It has not.</p> <p>7 BY MR. GENENDER:</p> <p>8 Q. Okay. And I want to be fair to you, Ms.</p> <p>9 Cheung in the sense that Mr. Dane was deposed on</p> <p>10 May 13th. And you reference in your second</p> <p>11 opinion. You actually reference some of his</p> <p>12 deposition testimony. So, I'm not trying to</p> <p>13 trick you. Okay?</p> <p>14 A. Uh-huh.</p> <p>15 Q. Of course, you couldn't have by early to</p> <p>16 mid April relied upon deposition testimony that</p> <p>17 Mr. Dane didn't give until May 13th. Okay? I</p> <p>18 want to be clear both to you and for the record</p> <p>19 on that.</p> <p>20 So my question -- my question is:</p> <p>21 Did his testimony confirm an opinion you already</p> <p>22 had?</p> <p>23 A. Yes.</p> <p>24 Q. Okay. With that clarification, do you</p> <p>25 feel that the questions I've asked you have been</p>	36

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<p>1   <b>clear and fair about when you arrived at your 2   opinions?</b></p> <p>3            MR. KNAPP: Objection. Form.</p> <p>4            THE WITNESS: Yes.</p> <p>5   BY MR. GENENDER:</p> <p>6       <b>Q. Okay. Thank you. I appreciate that.</b></p> <p>7   <b>That's -- that is what I'm trying to be.</b></p> <p>8       <b>So the truth is, you had arrived at 9   your opinions and your conclusion reflected on 10   Page 6 of your report prior to Mr. Hanson's 11   report being issued on April 21; right?</b></p> <p>12      A. That's a hard question to answer because 13   there is a lot of data that I considered during 14   that whole period of time. I make some initial 15   judgments early on based on the data that we had 16   at the time.</p> <p>17      There was a constant flow of 18   information in. So I'm constantly considering 19   the new data that's been provided.</p> <p>20      <b>Q. Okay. But I'm asking --</b></p> <p>21      A. I'm sorry. I'm sorry. I'm sorry. Did 22   I think I got my months mixed up. May. Because 23   May is -- sorry. I'm sorry. My considerations 24   for the conclusions were formed in May, not in 25   April. We received the data in April.</p>	<p>37</p> <p>1       <b>Q. Okay. What would you do? You'd go look 2   at your e-mails?</b></p> <p>3            A. I would look at my files that I saved.</p> <p>4       <b>Q. But you don't have those files up in 5   front of you now. Do you?</b></p> <p>6            A. I don't.</p> <p>7       <b>Q. So are you asking -- are you asking me 8   if you can go check that?</b></p> <p>9            A. Yes.</p> <p>10       <b>Q. I'm okay with you doing that, and I 11   appreciate you asking.</b></p> <p>12       A. Okay. We received the database early 13   April. It took about --</p> <p>14       <b>Q. Do you have -- do you have -- do you 15   have a date that you're looking?</b></p> <p>16       A. April 1st.</p> <p>17       <b>Q. And you're -- you're pulling that off 18   your screen -- off your computer screen; right?</b></p> <p>19       A. Yes.</p> <p>20       <b>Q. And -- and just -- just for the record, 21   who -- who physically -- who is the person that 22   sent it to you?</b></p> <p>23       A. I believe this was downloaded in the box 24   share file.</p> <p>25       <b>Q. Okay. Great. That's -- so you had your</b></p>
<p>38</p> <p>1       <b>Q. Okay. So you had said that you had 2   reached your preliminary conclusions in early 3   April and reached your final conclusions about a 4   week after that in early to mid April?</b></p> <p>5       <b>Are you changing your testimony?</b></p> <p>6   We asked -- I did go through about six or eight 7   or 10 questions on that?</p> <p>8      A. Yes. I had -- sorry -- my months mixed 9   up. It is May.</p> <p>10       <b>Q. Okay. Now, just to be clear -- and I'm 11   not -- I don't mean to offend, but is anyone in 12   communication with you during this deposition?</b></p> <p>13      A. No.</p> <p>14       <b>Q. Okay. So that's just something 15   you -- you -- you're correcting yourself?</b></p> <p>16      A. Yes.</p> <p>17       <b>Q. Okay. So you had the database in early 18   April, and it took you a month to reach your 19   preliminary conclusions. Is that what you are 20   saying?</b></p> <p>21      A. Can I confirm when I received the 22   database?</p> <p>23       <b>Q. How would you do that?</b></p> <p>24      A. I sort everything that I received kind 25   of with the date on it.</p>	<p>40</p> <p>1       <b>hands on it, on April 1st; right?</b></p> <p>2      A. Right.</p> <p>3       <b>Q. Okay. Thank you. All right.</b></p> <p>4       <b>I'm going to ask you now, to 5   not -- to no longer look at any screens other 6   than -- other than -- other than, unfortunately, 7   having to look at me. Okay?</b></p> <p>8       <b>Thank you for doing that. I 9   appreciate you tracking that down.</b></p> <p>10       <b>So you had the -- you had the 11   database, the ARIES database, on April 1st. I 12   under -- I understood from your prior testimony, 13   what you had said was you reached your 14   preliminary conclusions in early April and your 15   final conclusions about a week after that so I 16   kept saying "early to mid April." Is that 17   accurate?</b></p> <p>18      A. No. I want to -- I want to correct 19   that. It should have been May.</p> <p>20       <b>Q. Okay. And why? How were you off by a 21   full month?</b></p> <p>22      A. In my -- in my memory. I thought we 23   received the database later in April. And it was 24   taking some time to work through it.</p> <p>25       <b>Q. Okay. So when was is it that you</b></p>

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1 <b>reached your preliminary conclusions? In early 2 May?</b> 3    A. I would say probably the -- toward the 4 end of April, we started receiving more data. 5 But probably my final conclusions or even 6 getting -- my preliminary conclusions, probably 7 early May. 8 <b>Q. Okay. And then, when did you -- when 9 did those become final?</b> 10   A. Shortly thereafter. Maybe two weeks, a 11 week or so after that. 12 <b>Q. So by May 10th, were your opinions 13 final?</b> 14        MR. KNAPP: Objection. Form. 15        THE WITNESS: I would say I was 16 pretty close to a final opinion. 17 BY MR. GENENDER: 18 <b>Q. When -- when was your report drafted?</b> 19   A. A week prior to the 24th of May. 20 <b>Q. Who drafted the report?</b> 21   A. I did. 22 <b>Q. Did you have any help?</b> 23   A. I put the -- I put all the pages 24 together and I shared it with my counsel. 25 <b>Q. Okay. Anyone else at your firm help</b>	41	43
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<p>1 plan?</p> <p>2 A. I did.</p> <p>3 Q. Prior to reviewing the company's plan,</p> <p>4 had you ever reviewed a Chapter 11 company's plan</p> <p>5 of reorganization before?</p> <p>6 A. Not formally. I've been provided</p> <p>7 documents before from other clients that have</p> <p>8 gone through bankruptcy.</p> <p>9 Q. Have you ever provided an opinion before</p> <p>10 regarding the feasibility of a newly formed oil</p> <p>11 and gas company?</p> <p>12 A. No.</p> <p>13 MR. KNAPP: Objection. Form.</p> <p>14 BY MR. GENENDER:</p> <p>15 Q. What was your answer?</p> <p>16 A. "No."</p> <p>17 Q. Have you ever previously rendered an</p> <p>18 opinion, an expert opinion, on the comparative</p> <p>19 reliability of asset retirement obligation</p> <p>20 estimates?</p> <p>21 A. No.</p> <p>22 Q. Have you ever previously rendered an</p> <p>23 expert opinion on re-completion program</p> <p>24 forecasts?</p> <p>25 A. No.</p>	<p>1 in charge of the day-to-day operations of your</p> <p>2 field.</p> <p>3 You're in charge of estimating the</p> <p>4 reserves for your -- your assets.</p> <p>5 You're in charge of coordinating</p> <p>6 re-completion of work.</p> <p>7 You're in charge of estimating the</p> <p>8 economics associated with the re-completion works</p> <p>9 in addition to drilling at your field. And</p> <p>10 evaluating the economics and the reserves</p> <p>11 associated with the drilling and coordinating the</p> <p>12 facilities and the drilling engineers and the</p> <p>13 operations all into one program for your -- for</p> <p>14 your particular field.</p> <p>15 Q. Okay. How long did you work in that</p> <p>16 role at ExxonMobil?</p> <p>17 A. Three years working offshore and one</p> <p>18 year as a surveillance engineer for a field in</p> <p>19 Colorado.</p> <p>20 Q. During your work at ExxonMobil, were you</p> <p>21 ever involved in decommissioning wells?</p> <p>22 A. No.</p> <p>23 Q. Were you ever involved in</p> <p>24 decommissioning platforms, pipelines or other</p> <p>25 assets?</p>	
	46	48
<p>1 Q. Have you ever previously offered</p> <p>2 opinions on offshore construction and</p> <p>3 decommissioning work? In other words, P &amp; A</p> <p>4 forecasts?</p> <p>5 A. No.</p> <p>6 Q. And is it -- isn't it the case that this</p> <p>7 is the first time you have estimated future</p> <p>8 production forecasts for re-completion projects</p> <p>9 in connection with an oil and gas restructuring.</p> <p>10 Isn't that right?</p> <p>11 A. Yes.</p> <p>12 Q. You're Licensed Professional Engineer in</p> <p>13 the state of Texas?</p> <p>14 A. I am.</p> <p>15 Q. And you've had that license since 2007.</p> <p>16 Is that right?</p> <p>17 A. 2010.</p> <p>18 Q. 2010. Thank you.</p> <p>19 And you previously have worked as a</p> <p>20 lead reservoir engineer and surveillance engineer</p> <p>21 for ExxonMobil Production Company?</p> <p>22 A. Correct.</p> <p>23 Q. What were your responsibilities at</p> <p>24 ExxonMobil?</p> <p>25 A. As a reservoir engineer at Exxon, you're</p>	<p>1 A. Yes. We have looked at part of my asset</p> <p>2 for decommissioning.</p> <p>3 Q. Part -- I didn't hear you. Sorry?</p> <p>4 A. We had reviewed part of my asset that I</p> <p>5 was overseeing for decommissioning.</p> <p>6 Q. Okay. Now, for your work at Netherland,</p> <p>7 Sewell, have you -- do you prepare estimates of</p> <p>8 reserves in future net revenue? Is that part of</p> <p>9 your job?</p> <p>10 A. Yes.</p> <p>11 Q. And in doing so, do you rely on</p> <p>12 estimates provided by operators?</p> <p>13 A. I do.</p> <p>14 Q. And do you independently verify</p> <p>15 everything that operators provide you when</p> <p>16 you -- when you -- when you prepare estimates?</p> <p>17 A. I review for reasonableness.</p> <p>18 Q. Okay. All right. And have you</p> <p>19 reviewed, in connection with your work you've</p> <p>20 done on this case, have you reviewed information</p> <p>21 prepared by Fieldwood for reasonableness?</p> <p>22 A. I have.</p> <p>23 Q. Okay. And -- and have you reached a</p> <p>24 conclusion as to the reasonableness of the</p> <p>25 information prepared by Fieldwood?</p>	

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<p>1       A. Which information specifically?</p> <p>2       <b>Q. Well, any information upon which</b></p> <p>3       <b>you're -- you're basing an opinion, I should say.</b></p> <p>4       A. Yeah, I did.</p> <p>5       <b>Q. And what -- and what -- I'm going to ask</b></p> <p>6       <b>you in connection with your conclusions on Page 6</b></p> <p>7       <b>but what are -- what are those opinions?</b></p> <p>8       A. I reviewed the ARIES file to ensure that</p> <p>9       it is a functioning ARIES file and it shows what</p> <p>10      they had reported at year end. That that is a</p> <p>11      file that includes the Fieldwood 1 assets as they</p> <p>12      have broken it out.</p> <p>13            We had reviewed the production that</p> <p>14      was loaded in there and saw the forecasts that</p> <p>15      the company had provided and they've also</p> <p>16      provided their P &amp; A.</p> <p>17            The total estimated costs for</p> <p>18      Fieldwood 1. I reviewed that.</p> <p>19       <b>Q. Did you reach conclusions as to the</b></p> <p>20       <b>reasonableness of either of those in connection</b></p> <p>21       <b>with your opinions in this case?</b></p> <p>22       MR. KNAPP: Objection. Form.</p> <p>23       THE WITNESS: From what I can</p> <p>24      gather without spending -- getting, you know, all</p> <p>25      the data that I would want, I looked at the</p>	49	<p>1       reasonable because it was -- it has been audited.</p> <p>2       I did not receive all of the information a</p> <p>3       reserves auditor would want in order to be able</p> <p>4       to say that every piece of assumption in the</p> <p>5       reserves report is reasonable.</p> <p>6       BY MR. GENENDER:</p> <p>7       <b>Q. But you have no basis to -- to opine</b></p> <p>8       <b>that that information is unreasonable; right?</b></p> <p>9            MR. KNAPP: Objection. Form.</p> <p>10          THE WITNESS: Can you -- can you</p> <p>11          repeat that?</p> <p>12          BY MR. GENENDER:</p> <p>13       <b>Q. Sure. You just said you don't -- you</b></p> <p>14       <b>basic -- I think I just heard you say that</b></p> <p>15       <b>your -- you don't have the information that an</b></p> <p>16       <b>auditor would need to reach a conclusion. Is</b></p> <p>17       <b>that fair?</b></p> <p>18       A. I deemed the data received reasonable.</p> <p>19       I have not worked through every nuance of the</p> <p>20      database to deem the entirety of the database</p> <p>21      reasonable.</p> <p>22       <b>Q. Okay. Thank you.</b></p> <p>23       <b>But you're not saying that the</b></p> <p>24       <b>entirety of the database in some way, shape, or</b></p> <p>25       <b>form, is unreasonable?</b></p>	51
<p>1       year-end reserves database and saw that there was</p> <p>2       at least production through year end, which is</p> <p>3       one of the first questions I always ask myself</p> <p>4       is: How recent is this production?</p> <p>5            I did find some -- some pieces that</p> <p>6       were unreasonable that we were able to fill the</p> <p>7       gaps with, with additional information from the</p> <p>8       company.</p> <p>9            In terms of the P &amp; A, you know, I</p> <p>10      quickly looked through public sources to see if</p> <p>11      there was still some platforms where they needed</p> <p>12      to P &amp; A.</p> <p>13            In terms of their -- the dollar</p> <p>14      amount and costs that they estimated, you know,</p> <p>15      it wasn't too far off from what they showcased in</p> <p>16      the reserves model that was audited by their</p> <p>17      third-party auditor so I deemed that reasonable.</p> <p>18      BY MR. GENENDER:</p> <p>19       <b>Q. So what you just said, is it fair to say</b></p> <p>20       <b>that you deemed those -- those sets of</b></p> <p>21       <b>information either prepared on -- prepared by or</b></p> <p>22       <b>relied on by Fieldwood to be either reasonable or</b></p> <p>23       <b>not unreasonable?</b></p> <p>24       MR. KNAPP: Objection. Form.</p> <p>25       THE WITNESS: I deemed it</p>	50	<p>1       A. No.</p> <p>2       <b>Q. Are you?</b></p> <p>3       A. I'm not saying that.</p> <p>4       <b>Q. Thank you so much.</b></p> <p>5            <b>Have you prepared any other</b></p> <p>6       <b>documents other than Exhibit 1 in connection with</b></p> <p>7       <b>your work in this case, leaving aside the Excel</b></p> <p>8       <b>document that you -- your work papers?</b></p> <p>9       A. Outside the scope of my expert report?</p> <p>10       <b>Q. Yes.</b></p> <p>11       A. Mostly to show our team what data we're</p> <p>12      receiving and some opinions of the data flowing</p> <p>13      in.</p> <p>14       <b>Q. Okay. So my question is: Have you</b></p> <p>15       <b>prepared any -- any -- whether exhibits or</b></p> <p>16       <b>documents other than either Exhibit 1, your</b></p> <p>17       <b>report, or the Excel work papers that we talked</b></p> <p>18       <b>about earlier this morning?</b></p> <p>19       A. As part of an expert testimony?</p> <p>20       <b>Q. Yes.</b></p> <p>21       A. Just this file.</p> <p>22       <b>Q. Okay. Thank you.</b></p> <p>23       <b>Your report says that on Page 3,</b></p> <p>24       <b>second paragraph, it says that, quote, "This</b></p> <p>25       <b>report has been coordinated by Ms. Cheung."</b></p>	52

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<p>53</p> <p>1       <b>What does that word "coordinated"</b>  2 <b>mean? That struck me as an interesting word to</b>  3 <b>use.</b></p> <p>4       A. That this is the work primarily done by  5 me. I don't do this by myself. Like I  6 mentioned, Diana was my analyst who helped me  7 with the work.</p> <p>8       <b>Q. So what does "coordinated" mean there?</b></p> <p>9       A. I -- I organize the work.</p> <p>10     <b>Q. Okay. Who did the work?</b></p> <p>11     A. Both me and Diana.</p> <p>12     <b>Q. Okay. Did you have prior drafts of</b>  13 <b>Exhibit 1?</b></p> <p>14     A. Yeah. It was preliminary and it was  15 just my work in progress.</p> <p>16     <b>Q. And -- and just to be clear because I</b>  17 <b>know we've been had some kind of -- you -- you</b>  18 <b>corrected your testimony. What was the date of</b>  19 <b>the first draft of this report?</b></p> <p>20     A. I don't -- I don't recall.</p> <p>21     <b>Q. Do you recall even approximately?</b></p> <p>22     A. It was sometime in May.</p> <p>23     <b>Q. Okay. And did counsel help you write</b>  24 <b>any aspects of this report?</b></p> <p>25     A. They had advised on wording and -- but</p>	<p>55</p> <p>1       <b>with all of them?</b></p> <p>2       A. Yes.</p> <p>3       <b>Q. Do you know -- Ms. Cheung, do you know</b>  4 <b>if that engagement agreement has been produced as</b>  5 <b>part of your materials?</b></p> <p>6       A. I do not.</p> <p>7       <b>Q. Okay. We don't have a record of it. We</b>  8 <b>certainly would -- would request it and think</b>  9 <b>it's been requested, actually.</b></p> <p>10     <b>Did you notice any material</b>  11 <b>differences between the -- the mid-year 2020 and</b>  12 <b>year-end 2020 ARIES reserve database?</b></p> <p>13     A. I don't recall doing a compare of the  14 two. The material difference would be the  15 production that has rolled off between mid-year  16 and year-end.</p> <p>17     <b>Q. Did you review the mid-year report?</b></p> <p>18     A. Yes.</p> <p>19     <b>Q. Did rely on the mid-year report?</b></p> <p>20     A. No.</p> <p>21     <b>Q. Are you able to speak to whether it</b>  22 <b>would be reasonable to rely on the mid-year</b>  23 <b>report as opposed to the year-end 2020 reserve</b>  24 <b>database?</b></p> <p>25     A. From my experience doing this type of</p>
<p>54</p> <p>1       it was always the scope of the work so they  2 advised kind of on the scope early on.</p> <p>3       <b>Q. Okay. What was -- what is the scope of</b>  4 <b>your opinion? What is the scope of your work?</b></p> <p>5       A. To understand the liability of the data  6 that has been presented and used by both us and,  7 also the other expert witnesses.</p> <p>8       <b>Q. What other expert witnesses?</b></p> <p>9       A. Houlihan Lokey.</p> <p>10     <b>Q. Okay. But again, you say that's your</b>  11 <b>scope but your report doesn't mention any</b>  12 <b>opinions by Houlihan Lokey; right?</b></p> <p>13      MR. KNAPP: Objection. Form.</p> <p>14      THE WITNESS: Right. The focus was  15 on the -- the data that was used.</p> <p>16 BY MR. GENENDER:</p> <p>17      <b>Q. Okay. And let me ask you: When you --</b>  18 <b>I asked you about interfacing with counsel,</b>  19 <b>which -- which lawyers with the sureties did you</b>  20 <b>personally speak with?</b></p> <p>21      A. A number of them. From -- we are  22 engaged with a number of the -- number of lawyers  23 so we have a weekly call and I speak with all of  24 them.</p> <p>25      <b>Q. Okay. Do you have a written engagement</b></p>	<p>56</p> <p>1       work, the mid-year database is less reliable than  2 year-end report because a lot has happened  3 between those two events.</p> <p>4       <b>Q. Okay. But you didn't perform an</b>  5 <b>analysis to determine what the actual differences</b>  6 <b>were in whether they were material; did you?</b></p> <p>7        MR. KNAPP: Objection. Form.</p> <p>8        THE WITNESS: We did do a compare  9 early on. I don't recall the exact outcome of  10 that compare. Ultimately, we relied on the  11 year-end.</p> <p>12 BY MR. GENENDER:</p> <p>13      <b>Q. Okay. My question was a little bit</b>  14 <b>different. I appreciate your answer. My</b>  15 <b>question was a little bit different.</b></p> <p>16      <b>Did you do an analysis to determine</b>  17 <b>whether there were material differences between</b>  18 <b>the mid-year and the year-end?</b></p> <p>19      A. We did a compare in-house. I don't  20 recall what the major differences are.</p> <p>21      <b>Q. Okay. So you're not able to identify</b>  22 <b>any major differences as you sit here right now;</b>  23 <b>right?</b></p> <p>24      A. No.</p> <p>25      <b>Q. So aside from the Excel spreadsheet that</b></p>

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<p>1 contains your work papers that we talked about  2 earlier, did you prepare any other databases,  3 Excels or anything reflecting the analysis or  4 math you prepared or did to reach your  5 conclusions on Page 6 of your report?</p> <p>6 A. The work product is all in this report.  7 There is -- there is a lot of just Excel work to  8 come up with that similar to what you have  9 already alluded to, the work papers for the  10 production.</p> <p>11 There's one additional Excel file  12 that was just on -- on the P &amp; A that was  13 provided to us by Fieldwood where I have  14 annotated whether the field was producing or not.</p> <p>15 Q. Did you receive the Deposition Notice  16 that you -- for today's deposition?</p> <p>17 A. Yes.</p> <p>18 Q. Do you know there was a request for any  19 documents that haven't previously been produced  20 in that -- in that report? In that -- in that  21 Deposition Notice?</p> <p>22 A. I did not notice that.</p> <p>23 Q. Specifically -- and we will mark this as  24 "Exhibit 2" to your deposition. If we can get  25 that pulled up, which we will, the second page</p>	<p>57</p> <p>1 you see that, the first page of it?  2 A. Yes.  3 Q. And if we can go to the second page of  4 it, please.  5 A. The third -- the third paragraph, "To  6 the extent not previously identified."  7 Do you see that paragraph?  8 A. Correct.  9 Q. And -- and that's the -- that's the  10 language I just read to you. Isn't it?  11 A. Yes.  12 Q. Okay. Thank you so much.  13 You're not offering an opinion as  14 to the net asset value of any of the Fieldwood  15 entities. Are you?  16 A. No.  17 Q. Do you have an understanding as to  18 whether or not Mr. Hanson offers any opinions as  19 to the net asset value of any Fieldwood entities?  20 A. I understand he does.  21 Q. Okay. You are not responding to those  22 opinions? Are you?  23 A. Not --  24 MR. KNAPP: Objection. Form.  25 BY MR. GENENDER:</p>
<p>58</p> <p>1 states that, "To the extent not previously  2 identified and produced, the witness is hereby  3 commanded to immediately produce to counsel for  4 Debtors all documents upon which she relies in  5 rendering any opinions she intends to offer at  6 the hearing in connection with the hearing or  7 confirmation of the plan and all documents which  8 reflect, support, or relate to any such  9 opinions."</p> <p>10 Were you aware that that request  11 was made?</p> <p>12 A. I was aware. I didn't read the -- the  13 request, myself. But I understood that -- the  14 way I understood it was it had requested the data  15 I used.</p> <p>16 Q. Do you agree that the Excel databases,  17 Excel spreadsheets that you refer to in your work  18 papers relate to your opinions?</p> <p>19 MR. KNAPP: Objection. Form.</p> <p>20 THE WITNESS: Yes.</p> <p>21 BY MR. GENENDER:</p> <p>22 Q. Thank you. Hang on one second.</p> <p>23 Ms. Cheung, I want -- we're going  24 to put up the Deposition Notice that's been  25 marked -- being marked as "Exhibit 2." And can</p>	<p>60</p> <p>1 Q. Excuse me?  2 A. Not to his net asset value calculation.  3 Q. Thank you. So Page 7 of your -- your  4 report, Exhibit 1, I want to call your attention  5 to the language that states, second sentence of  6 the first paragraph, "In our opinion, in the  7 absence of other investigations and substantive  8 testing, the scope of our review does not  9 enable us to validate the numerous underlying  10 judgments required in the preparation of reserves  11 and resource -- resources estimates, nor does it  12 allow us to fully examine the uncertainty ranges  13 and basic engineering in geologic data."  14 Did I read that correctly?  15 A. Yes.  16 Q. I'll show you the first sentence of that  17 paragraph says, "It should not -- should be  18 understood that our review does not constitute a  19 complete reserves study of the assets." Right?  20 A. Right.  21 Q. I just read that paragraph, second  22 sentence, then I read the first sentence, I'm  23 going to ask you a question.  24 What does that mean?  25 A. That I did not perform an independent</p>

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<p>1 evaluation of the total reserves that we 2 reviewed.</p> <p>3 <b>Q. And that would mean you are not able to</b> 4 <b>contest the underlying judgments that were made</b> 5 <b>in connection with estimating the total reserves;</b> 6 <b>right?</b></p> <p>7 MR. KNAPP: Objection. Misleading.</p> <p>8 THE WITNESS: Can you repeat that, 9 please?</p> <p>10 BY MR. GENENDER:</p> <p>11 <b>Q. Well, did you -- does that mean -- well,</b> 12 <b>do you contest the underlying judgments that were</b> 13 <b>required in the preparation of the reserves and</b> 14 <b>resource estimates?</b></p> <p>15 A. I do not contest it.</p> <p>16 <b>Q. Thank you.</b></p> <p>17 A. I accepted it.</p> <p>18 <b>Q. Thank you. And that would include</b> 19 <b>reserve estimates related to future production</b> 20 <b>rates. Wouldn't it?</b></p> <p>21 A. Right.</p> <p>22 <b>Q. Thank you.</b></p> <p>23 So it would make sense that I keep 24 going back to Page 6, since that's where your 25 conclusions are. So I will do that throughout</p>	<p>61</p> <p>1 A. Yes.</p> <p>2 <b>Q. What do you mean by "before any other</b> 3 <b>adjustments"?</b></p> <p>4 A. I did not adjust any of these lease 5 operating cost assumptions the company had made 6 in their forecast or any of the other line items 7 outside of the production.</p> <p>8 <b>Q. Why did you not do that?</b></p> <p>9 A. The scope of my work was just to 10 understand the production forecasts.</p> <p>11 <b>Q. Okay. So you -- if I can distill it</b> 12 <b>down, do you think that the company's production</b> 13 <b>forecast is overstated for '21 and '22 by what?</b></p> <p>14 <b>Five thousand barrels a month?</b></p> <p>15 MR. KNAPP: Objection. Form.</p> <p>16 BY MR. GENENDER:</p> <p>17 <b>Q. Per day. Per day. Excuse me.</b></p> <p>18 A. Yes.</p> <p>19 <b>Q. All right. You didn't make any</b> 20 <b>adjustment to the costs that might go down if</b> 21 <b>production were 5,000 barrels a day lower than</b> 22 <b>what the company has estimated. Did you?</b></p> <p>23 A. I did not.</p> <p>24 <b>Q. Okay. And that's reflected in your</b> 25 <b>report where you have a circle on Page -- on Page</b></p>	<p>63</p>
<p>1 this.</p> <p>2 And, look, I also want to say, Ms.</p> <p>3 Cheung, this is not an endurance contest. We've</p> <p>4 been going for about an hour and 10 minutes. You</p> <p>5 can take a break at any point as long as there's</p> <p>6 not a question pending. I should have said that</p> <p>7 earlier. Okay?</p> <p>8 A. Uh-huh.</p> <p>9 Q. So I'm also happy to keep pressing on,</p> <p>10 but I want to make sure I'm providing you that</p> <p>11 courtesy. Okay?</p> <p>12 A. Yeah. Fine to continue.</p> <p>13 Q. Thank you so much, appreciate it.</p> <p>14 Your first conclusion is that</p> <p>15 Fieldwood's production net forecast is overstated</p> <p>16 for '21 and '22; right?</p> <p>17 A. Right.</p> <p>18 Q. And specifically you state, "Based on</p> <p>19 the March 25, 2021, strip pricing, utilizing the</p> <p>20 estimated adjusted company forecast, and before</p> <p>21 any adjustments, year ending 2021 and 2021 are</p> <p>22 expected to yield a negative cash flow. Without</p> <p>23 sufficient cash flow, potential projects will be</p> <p>24 deferred."</p> <p>25 I read that correctly?</p>	<p>62</p> <p>1 11 of your report, it has the top -- the top</p> <p>2 numbers circled, but none of the other numbers</p> <p>3 circled; right?</p> <p>4 A. Right.</p> <p>5 Q. So, if, for example, for '21 and '22,</p> <p>6 the daily net production that you -- you have</p> <p>7 adjusted to 23,000 barrels a day and 22,000</p> <p>8 barrels a day for 20 -- for stub 21 and the rest</p> <p>9 of 22 instead of -- instead of what the company</p> <p>10 has in its business plan; right?</p> <p>11 A. Right.</p> <p>12 Q. That's your opinion; right?</p> <p>13 A. It is.</p> <p>14 Q. All right, sir. But you didn't decrease</p> <p>15 any of the expenses listed below; did you?</p> <p>16 A. No.</p> <p>17 Q. Are you saying that if production were</p> <p>18 5,000 barrels a day lower than what the company</p> <p>19 has estimated that the expenses, themselves,</p> <p>20 would be identical --</p> <p>21 MR. KNAPP: Objection. Form.</p> <p>22 BY MR. GENENDER:</p> <p>23 Q. -- is that your opinion?</p> <p>24 A. If production is less by 5,000 a day, it</p> <p>25 doesn't necessarily mean lease operating costs</p>	<p>64</p>

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<p>1 are lower.</p> <p>2 Q. I'm asking you about the operating</p> <p>3 expenses listed below on Page 11 of your report</p> <p>4 which is an adjustment to the -- a partial</p> <p>5 adjustment to business plan.</p> <p>6 A. Yes.</p> <p>7 Q. Direct operating expense, R &amp; M,</p> <p>8 transportation, workover and insurance.</p> <p>9 Are any of those -- will any of</p> <p>10 those go down if production goes down? Yes or</p> <p>11 no?</p> <p>12 A. Yes.</p> <p>13 Q. You didn't make that calculation?</p> <p>14 A. No.</p> <p>15 Q. You don't know how much they would go</p> <p>16 down. Do you?</p> <p>17 A. No.</p> <p>18 Q. You really did part of the analysis.</p> <p>19 Didn't you?</p> <p>20 MR. KNAPP: Objection. Form.</p> <p>21 BY MR. GENENDER:</p> <p>22 Q. In that regard?</p> <p>23 A. Yes.</p> <p>24 Q. And where you have -- where you show</p> <p>25 un-levered cash flow or levered cash flow being</p>	<p>65</p> <p>1 forecasts; right?</p> <p>2 A. Yes, sir.</p> <p>3 Q. So it's safe to say you were not asked</p> <p>4 to analyze the effect of any potential</p> <p>5 overstatement of production forecasts on the</p> <p>6 performance of the company by looking at the</p> <p>7 expense side. Is that fair?</p> <p>8 MR. KNAPP: Objection. Vague.</p> <p>9 THE WITNESS: I did not look at the</p> <p>10 lease operating costs, no.</p> <p>11 BY MR. GENENDER:</p> <p>12 Q. Okay. Have you ever analyzed lease</p> <p>13 operating costs?</p> <p>14 A. Yes.</p> <p>15 Q. So it's something you know how to do;</p> <p>16 right?</p> <p>17 A. Correct.</p> <p>18 Q. You just didn't do it here?</p> <p>19 A. Correct.</p> <p>20 Q. Why not?</p> <p>21 A. When we look at lease operating costs,</p> <p>22 there is a lot of -- there's a lot of back and</p> <p>23 forth with a company and as it was provided to</p> <p>24 us, there were -- there was no opportunity</p> <p>25 probably to have a deep conversation about all</p>
<p>66</p> <p>1 negative for 2021 and 2022, that's without making</p> <p>2 those adjustments that -- that in terms of</p> <p>3 expenses; correct?</p> <p>4 A. Correct.</p> <p>5 Q. And you don't know what those</p> <p>6 adjustments of expenses would be because you</p> <p>7 didn't do them; right?</p> <p>8 A. Correct.</p> <p>9 Q. Thank you.</p> <p>10 What potential projects would need</p> <p>11 to be deferred as reflected in -- as you -- as</p> <p>12 you mentioned in your first opinion?</p> <p>13 A. There would be re-completions.</p> <p>14 Q. Do you know which ones?</p> <p>15 A. Let me re-read my conclusion real quick.</p> <p>16 Q. Sure. Of course.</p> <p>17 A. The potential projects would be</p> <p>18 without -- without any capital, without positive</p> <p>19 cash flow, the potential projects would be</p> <p>20 anything identified for re-completion the</p> <p>21 following year.</p> <p>22 Q. Let me take a step back, Ms. Cheung.</p> <p>23 You said a moment ago that you were -- the scope</p> <p>24 of what you were asked to do was to understand</p> <p>25 the company's projections -- production</p>	<p>68</p> <p>1 the costs and assumptions so the focus then got</p> <p>2 shifted back just looking at the production.</p> <p>3 Q. Okay. On April 21st, 2021, when you</p> <p>4 were on the phone with Mike Dane, Garrett</p> <p>5 Galloway, John Seeger, from the company, did you</p> <p>6 ask them anything about lease operating costs?</p> <p>7 A. I don't recall. I don't remember we</p> <p>8 talked about that.</p> <p>9 Q. Did you ever request a call with the</p> <p>10 company about lease operating costs?</p> <p>11 A. No.</p> <p>12 Q. Did you ever request information from</p> <p>13 the company about lease operating costs?</p> <p>14 A. No.</p> <p>15 Q. Have you ever analyzed in your 14 years</p> <p>16 at Netherland, Sewell, lease operating costs</p> <p>17 without getting information from a company?</p> <p>18 A. Yes.</p> <p>19 Q. You have without getting any information</p> <p>20 from the company?</p> <p>21 A. Yeah. I've -- I've worked a number of</p> <p>22 projects and on at least one of those projects we</p> <p>23 had to make our own assumptions.</p> <p>24 Q. But you didn't even do that here. Did</p> <p>25 you?</p>

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<p>1       A. No.</p> <p>2       <b>Q. Thank you.</b></p> <p>3       Your opinion, your first opinion,</p> <p>4 it doesn't account for sources of capital that</p> <p>5 the company would have that are not included in</p> <p>6 the Exhibit O projections; correct?</p> <p>7       A. Correct.</p> <p>8       <b>Q. Okay. Now, on Page 8 of your report, it</b></p> <p>9 <b>reflects that you applied the methodology, a</b></p> <p>10 <b>methodology to the year-end 2020 ARIES database;</b></p> <p>11 <b>right?</b></p> <p>12       A. Right.</p> <p>13       <b>Q. What assumptions were incorporated in</b></p> <p>14 <b>your methodology?</b></p> <p>15       MR. KNAPP: Objection. Form.</p> <p>16       THE WITNESS: My own assumptions,</p> <p>17 or what data was provided to us?</p> <p>18 BY MR. GENENDER:</p> <p>19       <b>Q. Well, tell me what you did in -- as</b></p> <p>20 <b>reflected on Page 8 of your report. Where it</b></p> <p>21 <b>says "Methodology." It says, "Utilizing the</b></p> <p>22 <b>Fieldwood year-end 2020 ARIES database,"</b></p> <p>23 <b>Fieldwood -- Fieldwood Energy 17, "and referred</b></p> <p>24 <b>to below as the Fieldwood Energy reserves --</b></p> <p>25 <b>Energy 1 reserves."</b></p>	69	<p>1       THE WITNESS: He wouldn't.</p> <p>2 BY MR. GENENDER:</p> <p>3       <b>Q. Okay. Thank you.</b></p> <p>4       <b>What economic parameter assumptions</b></p> <p>5 <b>did you incorporate? I'm looking at your</b></p> <p>6 <b>bullets, the second bullet on Page 8, says,</b></p> <p>7 <b>"Incorporating various economic parameter</b></p> <p>8 <b>assumptions."</b></p> <p>9       A. These are the assumptions that came with</p> <p>10 the database.</p> <p>11       <b>Q. What -- but explain what was the -- what</b></p> <p>12 <b>were the assumptions. Explain to me.</b></p> <p>13       A. They would be the -- the prices that was</p> <p>14 loaded in the database, the cost to operate the</p> <p>15 individual fields, the typical things in an ARIES</p> <p>16 file.</p> <p>17       <b>Q. Okay. So you incorporated various</b></p> <p>18 <b>economic parameter assumptions and you assume</b></p> <p>19 <b>some wells will not make the economic threshold</b></p> <p>20 <b>as modeled but would be, nevertheless, producing.</b></p> <p>21 <b>Is that right?</b></p> <p>22       A. Correct.</p> <p>23       <b>Q. And then you assumed all remaining</b></p> <p>24 <b>proved developed shut-in cases will migrate to</b></p> <p>25 <b>production status contributing value. Is that</b></p>	71
<p>1       <b>And you have -- what did you do?</b></p> <p>2       A. We took the year-end reserves database</p> <p>3 and removed the reserves associated with the</p> <p>4 fields that were not returning to production but</p> <p>5 were included in the year-end database. And we</p> <p>6 timed based on Fieldwood's information, we timed</p> <p>7 certain field production to when they were</p> <p>8 planning on bringing it back online and outputted</p> <p>9 the rates and forecasts based on Fieldwood's</p> <p>10 projections.</p> <p>11       For the behind-pipe work, the</p> <p>12 re-completions, we were limited to the budget</p> <p>13 that they had outlined in Exhibit O. And so we</p> <p>14 had to select behind-pipe projects to represent</p> <p>15 the volumes, the production volumes, associated</p> <p>16 with a reduced capital budget.</p> <p>17       <b>Q. How would we know what timing you used</b></p> <p>18 <b>or what timing assumptions you used?</b></p> <p>19       A. You wouldn't.</p> <p>20       <b>Q. Okay. Let me ask you better question</b></p> <p>21 <b>than I just asked.</b></p> <p>22       <b>How would Judge Isgur know what</b></p> <p>23 <b>timing assumptions you used if he looked at your</b></p> <p>24 <b>report?</b></p> <p>25       MR. KNAPP: Objection. Form.</p>	70	<p>1       <b>right?</b></p> <p>2       A. Correct.</p> <p>3       <b>Q. And then you assume no drilling will</b></p> <p>4 <b>commence in five years, but you excluded proved</b></p> <p>5 <b>undeveloped reserves; right?</b></p> <p>6       A. Right.</p> <p>7       <b>Q. Do you know which -- what are the,</b></p> <p>8 <b>quote, "some wells that will not make the</b></p> <p>9 <b>economic threshold"?</b></p> <p>10       A. Specifically which wells?</p> <p>11       <b>Q. Yes.</b></p> <p>12       A. I wouldn't be able to list that off the</p> <p>13 top of my head.</p> <p>14       <b>Q. How would you find that out if you</b></p> <p>15 <b>wanted to know?</b></p> <p>16       A. You run the ARIES report -- the ARIES</p> <p>17 file. And look at field by field to see if any</p> <p>18 wells are actively producing but is not hitting</p> <p>19 an economic threshold per that reserves report.</p> <p>20       <b>Q. Okay. Well, you did all of this, these</b></p> <p>21 <b>calculations, to determine that for 2021 and 2022</b></p> <p>22 <b>the production estimates should be lower than</b></p> <p>23 <b>what the company said; right?</b></p> <p>24       A. What the company said in their five-year</p> <p>25 model, yes.</p>	72

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<p>1     <b>Q. Yes. Okay. We just don't have the</b>  2     <b>benefit of seeing that math. Do we?</b></p> <p>3     A. No.</p> <p>4     <b>Q. I don't have it; right?</b></p> <p>5     A. Right.</p> <p>6     <b>Q. Are you able to -- you know, would your</b>  7     <b>work papers show which wells didn't make the</b>  8     <b>economic threshold?</b></p> <p>9     A. I don't think so.</p> <p>10    <b>Q. Would your work papers show what the</b>  11    <b>quote remaining PDSI cases were?</b></p> <p>12    A. Not specifically. It's outlined in the</p> <p>13    ARIES file.</p> <p>14    <b>Q. Your report says that the Fieldwood</b>  15    <b>reserves indicated there were more re-completion</b>  16    <b>projects than the company's budget allowed.</b></p> <p>17    <b>Do you recall saying that?</b></p> <p>18    A. Yes.</p> <p>19    <b>Q. How many?</b></p> <p>20    A. I couldn't tell you the number of</p> <p>21    projects. But there -- but -- so I can't answer</p> <p>22    that question.</p> <p>23    <b>Q. What budget are you referring to?</b></p> <p>24    A. What is outlined in Exhibit O.</p> <p>25    <b>Q. CapEx budget in Exhibit O?</b></p>	73	<p>1     A. No.</p> <p>2     <b>Q. You mentioned a moment ago that there</b>  3     <b>were, quote, unique costs. Where did you get</b>  4     <b>those? Where -- where did those come from?</b></p> <p>5     A. In the ARIES file.</p> <p>6     <b>Q. Okay. Do you know where in the ARIES</b>  7     <b>file?</b></p> <p>8     A. Where in it?</p> <p>9     <b>Q. Yes.</b></p> <p>10    A. Every opportunity has an associated cost</p> <p>11    within the ARIES file, a specific line item.</p> <p>12    <b>Q. Okay. So in reference to your report</b>  13    <b>saying that a selection of certain proved</b>  14    <b>developed non-producing cases was made within the</b>  15    <b>re-completion budget, in connection with that</b>  16    <b>statement, did you consult with anyone at</b>  17    <b>Fieldwood about which PDNP cases you should --</b>  18    <b>you should select?</b></p> <p>19    A. Not specifically, but during the call</p> <p>20    with -- the first call with Michael Dean, he had</p> <p>21    suggested to use the ARIES file to make a</p> <p>22    selection.</p> <p>23    <b>Q. Did you consider the profitability</b>  24    <b>variance between liquid and gas production when</b>  25    <b>choosing between these PD -- PDNP cases?</b></p>	75
<p>1     A. Yes.</p> <p>2     <b>Q. Were you considering all re-completion</b>  3     <b>opportunities or just the ones that were</b>  4     <b>scheduled for 2021?</b></p> <p>5     A. Just the ones that were scheduled for</p> <p>6     2021.</p> <p>7     <b>Q. What cost for re-completion did you use</b>  8     <b>to conclude that the aggregate cost exceeded the</b>  9     <b>company's budget?</b></p> <p>10    A. Every re-completion has a unique cost.</p> <p>11    We selected a number of projects based on a</p> <p>12    couple parameters to fill that budget as -- as</p> <p>13    outlined in Exhibit O.</p> <p>14    <b>Q. Okay. But how do we know which ones you</b>  15    <b>selected?</b></p> <p>16    A. You don't. You can't.</p> <p>17    <b>Q. Do you know which ones you selected?</b></p> <p>18    A. I would have to go back to my notes.</p> <p>19    <b>Q. Okay. Again, the notes we don't have?</b></p> <p>20    A. Right.</p> <p>21    <b>Q. In reaching your conclusion that the</b>  22    <b>re-completions would exceed the company budget,</b>  23    <b>did you consider any alternative source of</b>  24    <b>funding for re-completions outside of the CapEx</b>  25    <b>allocation in Exhibit O?</b></p>	74	<p>1     A. We looked at -- we did not look at oil</p> <p>2     versus gas but we did look at return.</p> <p>3     <b>Q. Is it possible that your selection of</b>  4     <b>certain PDNP cases would be different from</b>  5     <b>Fieldwood's real life selection on which PDNP</b>  6     <b>cases to pursue?</b></p> <p>7        MR. KNAPP: Objection. Form.</p> <p>8        THE WITNESS: Yes.</p> <p>9    BY MR. GENENDER:</p> <p>10    <b>Q. Is your -- Page 10 contains your</b>  11    <b>recalculations; right?</b></p> <p>12    A. Right.</p> <p>13    <b>Q. And again any back-up for this, we don't</b>  14    <b>have.</b></p> <p>15    MR. KNAPP: Objection. Form.</p> <p>16    BY MR. GENENDER:</p> <p>17    <b>Q. Referring to Page 10.</b></p> <p>18    A. No.</p> <p>19    <b>Q. I want to make sure we're not -- we have</b>  20    <b>a clear record.</b></p> <p>21    It's true, isn't it, that we don't</p> <p>22    have the back-up that shows how you arrived at</p> <p>23    the conclusion on Page 10; correct?</p> <p>24    MR. KNAPP: Objection. Misleading.</p> <p>25    THE WITNESS: Not my documentation,</p>	76

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1	but I outlined the methodology that can be	1	<b>Q. No, drops down to 23,000 in 2025.</b>
2	replicated.	2	A. Why it drops? A natural decline of
3	BY MR. GENENDER:	3	wells and the selection of available behind pipes
4	<b>Q. Okay. But the information from which</b>	4	during that time period.
5	<b>you made the actual computation, we don't have</b>	5	<b>Q. Are you taking into account wells that</b>
6	<b>that. Do we?</b>	6	<b>are going to come back online?</b>
7	A. The information that I use came from	7	A. Yes. Those were -- those are forecasted
8	Fieldwood.	8	in here.
9	<b>Q. Okay. I'm talking about your work</b>	9	<b>Q. And do you have an explanation for why</b>
10	<b>papers. You used -- you created work papers to</b>	10	<b>you say there would be an identical 5,000 barrel</b>
11	<b>arrive at this conclusion; right?</b>	11	<b>a day drop in production compared to the</b>
12	A. Correct.	12	<b>company's projections in years '21 and '22 but a</b>
13	<b>Q. And we don't have it. Do we?</b>	13	<b>\$58 million drop in revenue for 2021 and a 37 --</b>
14	A. No.	14	<b>only a \$37 million drop in revenue in 2022?</b>
15	<b>Q. I am not misleading you in asking you</b>	15	A. The price forecast is changing year on
16	<b>that question. Am I?</b>	16	year.
17	MR. KNAPP: Objection.	17	<b>Q. Page 10 underneath your chart, it says,</b>
18	BY MR. GENENDER:	18	<b>"The forecast assumes budgeted capital will be</b>
19	<b>Q. You can answer.</b>	19	<b>available to fund the completions each year."</b>
20	A. I don't think so.	20	A. Correct.
21	<b>Q. Thank you. Isn't it the case that your</b>	21	<b>Q. In -- in each year. Do you see that?</b>
22	<b>work papers show the application of your</b>	22	A. Correct.
23	<b>methodology to the data from the reserve reports;</b>	23	<b>Q. Which forecasts are you referring to</b>
24	<b>right?</b>	24	<b>there?</b>
25	A. Yes.	25	A. The budget.
	78		80
1	<b>Q. Thank you.</b>	1	<b>Q. The --</b>
2	<b>You didn't do a bottoms up or well</b>	2	A. I'm sorry. The forecast that I'm
3	<b>by well estimation of production rates for each</b>	3	referring to is my adjusted company forecast.
4	<b>of the five years; did you?</b>	4	<b>Q. Okay. And then, the next sentence says,</b>
5	A. No.	5	<b>"However, due to the reduction of the 2021 and</b>
6	<b>Q. Your report concludes that the Debtors</b>	6	<b>2022 cash flow, subsequent years internal capital</b>
7	<b>projection was accurate for 2023; right?</b>	7	<b>funding may fall short."</b>
8	A. It got close. Yes. The -- it started	8	<b>Do you see that?</b>
9	to line-up.	9	A. Yes.
10	<b>Q. Yeah. It's -- the difference says</b>	10	<b>Q. What internal capital funding are you</b>
11	<b>"zero." Right?</b>	11	<b>referring to?</b>
12	A. Right.	12	A. The CapEx budget.
13	<b>Q. And your conclusion is that the Debtors'</b>	13	<b>Q. Which doesn't take into account external</b>
14	<b>projection is underestimated production for 2024</b>	14	<b>sources; right?</b>
15	<b>and 2025; right?</b>	15	A. No.
16	A. Yes.	16	MR. KNAPP: Objection. Form.
17	<b>Q. Do you have an explanation for why you</b>	17	BY MR. GENENDER:
18	<b>think production would drop from 2024 to 2025?</b>	18	<b>Q. I want to make sure we didn't talk past</b>
19	A. Can you clarify that?	19	<b>each other. I said, "Which doesn't take into</b>
20	<b>Q. Well, I'm looking at Page 10 of your</b>	20	<b>account external sources?" And you said "no,"</b>
21	<b>report.</b>	21	<b>are you agreeing with me?</b>
22	A. Are you referencing the 26,000 barrels a	22	A. Correct.
23	day in 2024?	23	MR. KNAPP: And I'm objecting to
24	<b>Q. Yes.</b>	24	vague. Go ahead.
25	A. Dropped down to 2023?	25	BY MR. GENENDER:

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<p>1     Q. And the internal capital funding that 2 you're referring to, again, doesn't consider 3 expense savings; does it?</p> <p>4     A. No.</p> <p>5     Q. It doesn't? I want to make sure again 6 so we have a clear record. You agree that it 7 doesn't include or consider expense savings; 8 right?</p> <p>9     A. It does not.</p> <p>10    Q. Thank you. Your report mentions that 11 Mike Dane testified to production rates being 12 below 20,000 per day range as of the date of his 13 testimony; right?</p> <p>14    A. Correct.</p> <p>15    Q. Do you know what they are today?</p> <p>16    A. I do not.</p> <p>17    Q. Is there anything that could increase 18 production from the low 20s, from the low 20,000s 19 per day to 28,000 per day in 2021?</p> <p>20    A. If they do the re-completion work and 21 bring some of the shut-in fields back online.</p> <p>22    Q. Do you have an opinion as to whether 23 they can do the re-completion work or bring those 24 shut-in fields online?</p> <p>25    A. My opinion is they can do it, but it</p>		<p>1     Q. Do you know how 28,000 barrels a day 2 compares to production rates before hurricane 3 season?</p> <p>4     A. Yes.</p> <p>5     Q. How?</p> <p>6     A. It is less.</p> <p>7     Q. 28,000 a day is less; right?</p> <p>8     A. Yes.</p> <p>9     Q. Do you understand -- do you know, did you 10 rely on Mr. Dane's testimony that stated that the 11 28,000 barrel a day projection assumed currently 12 offline wells would be coming back online?</p> <p>13    A. I believe the low 20s was a quote of 14 what the current rates were when he testified.</p> <p>15    Q. That's not my question.</p> <p>16    MR. GENENDER: I'm going to object 17 as non-responsive.</p> <p>18 BY MR. GENENDER:</p> <p>19    Q. That's not my question. My question is: 20 Are you aware that the -- that he testified that 21 the 28,000 barrels per day includes the currently 22 offline wells are going to be brought back 23 online?</p> <p>24    A. I believe that it does include it.</p> <p>25    Q. And you don't have any basis to disagree</p>	
<p>1 will be difficult.</p> <p>2     Q. Okay. Why do you say it will be 3 difficult?</p> <p>4     A. We just got into hurricane season. So 5 there is going to be disruptions in the Gulf of 6 Mexico. We're already in June.</p> <p>7     In order to get to an average of 28 8 for the year, going from a 28,000 barrels a day 9 to 28 on average, you're going to have to over 10 shoot the 28 to average out the rest of the year.</p> <p>11    Q. Why do you say going from the 20,000 12 average a day? What is your basis for that?</p> <p>13    A. Or the low 20s, so the current rate as 14 Mike Dane had explained.</p> <p>15    Q. So that's your sole reliance is Mr. Dane 16 saying low 20s?</p> <p>17    A. That and the forecast from the reserves 18 report.</p> <p>19    Q. You understand production rates 20 fluctuate daily?</p> <p>21    A. They do.</p> <p>22    Q. Did you evaluate Fieldwood -- Fieldwood 23 1's historical production rates for these assets 24 in reaching your conclusions?</p> <p>25    A. Yes.</p>	82		84

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<p style="text-align: right;">85</p> <p>1     <b>Q. Okay. Did you review Fieldwood's 2 workbook spreadsheet that showed the field detail 3 variance for operating expenses?</b></p> <p>4     A. I did not review -- I did not review it 5 in detail.</p> <p>6     <b>Q. Okay. So you don't have any basis to 7 disagree with Fieldwood's judgments as to the 8 operating expenses associated with wells that are 9 offline versus wells that are online; is that 10 right?</b></p> <p>11        MR. KNAPP: Objection. Form.</p> <p>12        THE WITNESS: Correct.</p> <p>13 BY MR. GENENDER:</p> <p>14     <b>Q. And you didn't factor any of those 15 variances as it relates to operating expenses for 16 online versus offline wells into any of your 17 calculations; did you?</b></p> <p>18        A. No.</p> <p>19        <b>Q. You didn't; right?</b></p> <p>20        A. No. I did not.</p> <p>21        <b>Q. Thank you so much. I'm not trying to be 22 difficult. I just want to make sure that when 23 someone reads this that they -- that you and I 24 are not speaking past each other. So, I 25 appreciate you clarifying that. Okay.</b></p>	<p style="text-align: right;">87</p> <p>1     <b>Q. As it relates to capital expenditures, 2 you would agree that Fieldwood 1 has the 3 discretion to adjust that number as required by 4 future conditions; right?</b></p> <p>5        A. Sure.</p> <p>6     <b>Q. It would be reasonable for the company 7 to exercise its judgment in that regard. 8 Wouldn't it?</b></p> <p>9        A. Yes.</p> <p>10        <b>Q. Is there -- in your mind, is there a 11 difference between a budget and a spending limit?</b></p> <p>12        MR. KNAPP: Objection. Form,</p> <p>13 vague.</p> <p>14 BY MR. GENENDER:</p> <p>15        <b>Q. As it relates to something like 16 re-completion, for example?</b></p> <p>17        MR. KNAPP: Same objection.</p> <p>18        THE WITNESS: I would assume the</p> <p>19 company would try to stay within their budget.</p> <p>20 BY MR. GENENDER:</p> <p>21        <b>Q. Okay. Do you know what capital sources 22 the company has that are not reflected in Exhibit 23 O, the financial projections?</b></p> <p>24        A. I know that they -- I don't know</p> <p>25 specifically.</p>
<p style="text-align: right;">86</p> <p>1        A. Uh-huh.</p> <p>2     <b>Q. As a general proposition, if a platform 3 is not producing, it would cost less to operate; 4 right?</b></p> <p>5        A. Correct.</p> <p>6     <b>Q. Your report assumes the Debtors will 7 have fewer wells producing than what they expect 8 due to capital shortfalls. That's your 9 assumption; right?</b></p> <p>10       A. Repeat that, please.</p> <p>11     <b>Q. Sure. Your report assumes the Debtors 12 will have fewer wells producing than what the 13 Debtors expect to, due to what you -- due to what 14 you would call capital shortfalls?</b></p> <p>15       A. Correct.</p> <p>16     <b>Q. If that were the case, direct operating 17 costs would also go down; right?</b></p> <p>18       A. Not always.</p> <p>19     <b>Q. But they certainly could. Couldn't 20 they?</b></p> <p>21       A. They could.</p> <p>22     <b>Q. Yeah. And that's something, again, not 23 to belabor it, but you didn't do that analysis; 24 right?</b></p> <p>25       A. Right.</p>	<p style="text-align: right;">88</p> <p>1        <b>Q. Okay. I'm sorry. Go ahead. I didn't 2 mean to --</b></p> <p>3        A. I just don't know specifically what</p> <p>4        sources they have.</p> <p>5        <b>Q. Okay. Regardless of what they are, they 6 were not considered by you in doing your work; 7 right?</b></p> <p>8        A. Correct.</p> <p>9        <b>Q. Thank you.</b></p> <p>10       <b>Do you have an understanding of how 11 long it takes to do a re-completion?</b></p> <p>12       A. They are all different.</p> <p>13       <b>Q. Okay. Is there a range?</b></p> <p>14       A. No.</p> <p>15       <b>Q. That you're aware of?</b></p> <p>16       A. It could be a week. It could be several</p> <p>17       weeks.</p> <p>18       <b>Q. Okay. So a week is one. Several weeks 19 is what? How many?</b></p> <p>20       A. Say, three or four.</p> <p>21       <b>Q. Okay. Well, the good news we can agree 22 on that today is June 4th. There is still a lot 23 of time left in this year. Isn't there?</b></p> <p>24       A. Yes.</p> <p>25       <b>Q. So there is plenty of time for wells to</b></p>

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<p>89</p> <p>1 <b>be re-completed and come back online this year; right?</b>      2 A. Yes.      4 <b>Q. And create and generate production; right?</b>      5 A. Yes.      7 <b>Q. Once re-completion is finished, the rate of production can increase within a month or two after that; right?</b>      10 A. On initial production or increase the overall production?      12 <b>Q. Increase the overall production.</b>      13 A. It can.      14 <b>Q. Does your report take into account any increase in 2021 production due to re-completions?</b>      17 A. Yes.      18 <b>Q. And where does -- show me where it does that. If you can point me to where in the report it does that.</b>      21 A. The fourth bullet on Page 8. It says about halfway through that sentence: So a selection of certain proof of nonproducing cases were made within the re-completion budget per year based on identified well bore availability."</p>	<p>91</p> <p>1 <b>Q. Do you understand that if there were reduced production, the trust contribution costs would be reduced?</b>      4 A. That sounds like it could be something.      5 I don't know the details of the trust contributions.      7 <b>Q. Did you ask anyone about the details of that?</b>      9 A. No.      10 <b>Q. And that, by way of example, that trust contribution number, just like we talked about operating expenses, could affect your overall opinion as to whether the company has free -- has cash flow in 21 and 22. Right?</b>      15 MR. KNAPP: Objection. Form.      16 THE WITNESS: It could affect it.      17 I don't know to what magnitude.      18 BY MR. GENENDER:      19 Q. Thank you.      20 All right. I want to turn to the second of your four opinions.      22 MR. KNAPP: If we are between opinions, could we take a short break?      24 MR. GENENDER: Absolutely we could.      25 As I said that, I was thinking to myself, someone</p>
<p>90</p> <p>1 <b>Q. Got it. Let me talk about that. If your -- if your -- if you selected too few wells that would be re-completed as compared to what the company could do, that could affect the ultimate production; right?</b>      6 A. Right.      7 <b>Q. Thank you. Thank you.</b>      8 <b>Do you know how many re-completions you are assuming?</b>      10 A. I don't know off the top of my head.      11 <b>Q. Where would that answer be?</b>      12 A. In my work notes.      13 <b>Q. Okay. Again, ones we don't have?</b>      14 A. Right.      15 <b>Q. Thank you.</b>      16 All right. Let's turn to Page 11 of your report.      18 <b>What do you understand the trust contribution costs to be that are included on the chart on Page 11?</b>      21 A. I understand there is a trust that they are paying into.      23 <b>Q. Okay. Any other information you know about that?</b>      25 A. No. Not specifically.</p>	<p>92</p> <p>1 is -- I might be taking this with people much younger than me, but I could use a bathroom break.      4 MR. KNAPP: Okay. Let's -- 10 minutes sound good?      6 MR. GENENDER: That's fair. Why don't we come back at 1:00 Central or thereabouts, if that works? Thanks y'all.      9 (Recess taken.)      10 BY MR. GENENDER:      11 Q. Can you can you hear me?      12 A. I can.      13 Q. Okay. Did you review any documents during the break?      15 A. Just e-mails. I had pulled out --      16 Q. Okay. You said e-mails about?      17 A. Other projects.      18 Q. Fair enough. Did you review any documents about any aspect of this case? Or your work?      21 A. I think I opened my engagement letter.      22 Q. Okay.      23 A. Just to review it.      24 Q. Okay. Again, I want to reiterate the request that we get a copy of that along with the</p>

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1 other documents. Did you have a chance to speak 2 with -- did you speak with anyone about your 3 testimony during the break? 4 A. No. 5 Q. Thank you. 6 Your second conclusion is that the 7 use of a type curve oil and gas production 8 forecast in the company model failed to account 9 for re-completion net production and falls short 10 of identifying specific projects. Is that a fair 11 summary? 12 MR. KNAPP: Objection. Form. 13 THE WITNESS: Let me re-read that 14 bullet point. 15 BY MR. GENENDER: 16 Q. Sure. 17 A. Sure. 18 Q. Are you aware that the Fieldwood 1 19 assets include over 281 re-completion 20 opportunities in need of cost estimation? 21 A. In need of cost estimation? 22 Q. Yes. 23 A. So can you clarify what you are asking? 24 Q. Do you know how many re-completion 25 opportunities Fieldwood 1 has?	93 1 from your report? 2 A. Yes. 3 Q. Now, I want to direct you to Page 243 of 4 Mr. Dane's testimony which is within that window 5 that you just referred to. I will put it up on 6 the screen. And this is going to be Page 243, 7 lines -- we will get there. Lines 16 through 25. 8 Okay. Do you see that on the 9 screen? 10 A. Yes. 11 Q. Do you see where he says: It is 12 very -- when thinking about the different 13 methodologies to be able to incorporate a 14 defensible capital program of re-completion 15 related projects and the associated production, 16 what we thought was most appropriate was to look 17 at our historic budgeting process and how we have 18 in the average performance based on a program of 19 re-completions because the timing of an 20 individual re-completion is very specific to the 21 actual well bore. 22 Did I read that correctly? 23 A. Yes. 24 Q. And if we continue, he goes on and he 25 says on Page 244, Line 1, "And we got so many	95
94 1 A. I have not counted them. 2 Q. Would you defer to the company on that 3 if they have? 4 A. Yes. 5 Q. Thank you. 6 Have you ever attempted a 7 re-completion cost estimate for a collection of 8 properties as large as the Fieldwood 1 assets? 9 A. In dollar amounts or in quantity or size 10 of company? 11 Q. However you want to quantify it. 12 A. Yes. 13 Q. Okay. Which company? 14 A. I have worked so many in the last 14 15 years here. I've worked large ones. I've worked 16 small ones. I couldn't specify, but we have 17 worked some very large projects. 18 Q. Your report says -- references Page 242 19 to 244 of Mr. Dane's deposition in connection 20 with -- it says, "Specific projects have not been 21 identified but rather a type curve based on 22 historic project results was used to estimate 23 future production forecasts associated with 24 annual re-completion programs." 25 Do you -- did I read that correctly	94 1 projects and wells and the challenges of 2 forecasting these particular types of capital 3 projects on an individual basis over an extended 4 forecast period such as five years, it was after 5 discussion determined that the most appropriate 6 way to try and represent when a re-completion 7 program would be capable of delivering would be 8 to use the methodology we've used which is 9 consistent with our past budgeting practices." 10 Do you see that? 11 A. Yes. 12 Q. Can you -- do you see what the 13 questioner actually said in response? Do you see 14 that, Ms. Cheung? Do you see what Mr. Knapp said 15 in response? 16 He said, "That makes sense." Do 17 you see that? 18 A. Yes. 19 Q. Thank you. Does that make sense to you? 20 A. No. 21 Q. All right. Now, you don't have more 22 experience estimating Fieldwood 1's historic 23 re-completion budgets than Fieldwood does; right? 24 A. No. 25 Q. And you didn't -- you didn't undertake a	96

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<p style="text-align: right;">97</p> <p>1 <b>well by well estimation methodology; did you?</b>      2 A. Say that again.      3 <b>Q. You didn't -- in your report, you did</b>      4 <b>not undertake a well by well estimation</b>      5 <b>methodology; did you?</b>      6 A. We looked at the re-completions well by      7 well as it was presented to us in the ARIES file.      8 <b>Q. What does it mean to say, "Gulf of</b>      9 <b>Mexico oil and gas production forecasting and</b>      10 <b>reserves estimation should not be evaluated in a</b>      11 <b>statistical manner"?</b>      12 <b>Seems like a very broad statement.</b>      13 MR. KNAPP: Objection. Form.      14 THE WITNESS: Was there a question?      15 I didn't hear the question.      16 BY MR. GENENDER:      17 <b>Q. Yeah. So what does that mean, that</b>      18 <b>statement by you in the second bullet point of</b>      19 <b>your conclusions?</b>      20 A. That the nature of the Gulf of Mexico is      21 not statistical.      22 <b>Q. What does that mean?</b>      23 A. You can't look at historic results and      24 say your future results will be similar.      25 <b>Q. Why not?</b></p>	<p style="text-align: right;">99</p> <p>1 <b>Q. Okay. But can you answer my question,</b>      2 <b>which is: Is there any literature that you're</b>      3 <b>aware of that supports that opinion?</b>      4 A. Not that I can put my finger on right      5 now.      6 <b>Q. And more precisely, there's not any</b>      7 <b>literature that supports your opinion that's</b>      8 <b>cited in your report; correct?</b>      9 A. Correct.      10 <b>Q. Thank you.</b>      11 <b>Your third conclusion is that, "P &amp;</b>      12 A amounts forecasted in the Fieldwood 1 company      13 model shows planned P &amp; A costs in excess of      14 amounts forecasted in Exhibit O of the disclosure      15 statement."      16 Did I read that correctly?      17 A. Yes.      18 <b>Q. And your report states that the</b>      19 <b>abandonment liability schedule through</b>      20 <b>2025 -- I'm reading on Page 12 from your report,</b>      21 <b>to be fair. Page 12 of your report says, "This</b>      22 <b>abandonment liability schedule through 2025</b>      23 <b>exceeds what has been presented in the Fieldwood</b>      24 <b>1 cash flow model, Exhibit O, based on the</b>      25 <b>Fieldwood 1 model, Fieldwood, FWE38675, an</b></p>
<p style="text-align: right;">98</p> <p>1 A. Every reservoir, every well, every field      2 is unique. Every situation that -- every      3 re-completion is unique to the next. Every well      4 bore is unique to the next. Even within the same      5 field, everything is unique. There is not      6 statistics.      7 <b>Q. Could you -- could you use multiple</b>      8 <b>re-completions on historical basis and consider</b>      9 <b>them on a given -- a multitude of re-completions</b>      10 <b>in different parts and look at all of them</b>      11 <b>together based on your historical practices?</b>      12 A. No.      13 <b>Q. You've never seen that done?</b>      14 A. No. Not in the Gulf of Mexico. Not for      15 reserves.      16 <b>Q. Did you consult any literature in that</b>      17 <b>regard?</b>      18 A. Not literature, but my 14 years of -- at      19 Netherland, Sewell and my years at Exxon, we      20 would never use a statistical manner in      21 evaluating offshore reserves.      22 <b>Q. Now, is there any literature that</b>      23 <b>supports your opinion in that regard?</b>      24 A. I mean, there are lots of books on      25 offshore reserves estimations.</p>	<p style="text-align: right;">100</p> <p>1 <b>estimated 457 million is scheduled through 2025</b>      2 <b>excluding safe-out spending offline lease</b>      3 <b>operation -- operating expenses and visitation</b>      4 <b>costs."</b>      5 Did I read that right?      6 A. Yes.      7 <b>Q. What's your understanding of the APA P &amp;</b>      8 A scheduled costs in the Fieldwood and the      9 FWE38675 model?      10 A. That is presented on this page?      11 <b>Q. No. That's in the model, itself.</b>      12 A. This -- this was a part of the model      13 that did not feed into Exhibit O. This, my      14 assumption of this schedule that was presented is      15 something closer to what actually may need to be      16 spent on here.      17 <b>Q. Well, this -- this Page 12 of your</b>      18 <b>report reflects, has an entry, "APA P &amp; A</b>      19 <b>Schedule." Do you see that?</b>      20 A. Correct.      21 <b>Q. And then entries that add up to 457</b>      22 <b>million; right?</b>      23 A. Correct.      24 <b>Q. And where did that come from, those</b>      25 <b>numbers?</b></p>

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<p>1       A. From that model, Fieldwood 1 Model 2 38675.</p> <p>3       <b>Q. Do you know what goes in, what comprises 4 those -- those APA P &amp; A schedule costs?</b></p> <p>5       A. Certain fields that the company has 6 forecasted would need to be abandoned during 7 those years.</p> <p>8       <b>Q. Are you -- do you -- are you aware that 9 Mr. Dane testified that the 175 million costs 10 from the -- from Exhibit O refer to the cost 11 expectation of all projects that are scheduled 12 with respect to each field for the full year of 13 2021?</b></p> <p>14       A. I can't say "yes" or "no." I can't 15 confirm that.</p> <p>16       <b>Q. And do you understand that that -- do 17 you know whether that was a number that, as 18 opposed to was going to be spent, could have been 19 spent?</b></p> <p>20            MR. KNAPP: Objection. Form.</p> <p>21            THE WITNESS: I understand the 22 number -- the forecast they have in Exhibit O is 23 a calculated P &amp; A schedule.</p> <p>24 BY MR. GENENDER:</p> <p>25       <b>Q. There is no requirement that Fieldwood 1</b></p>	<p>101</p> <p>1       <b>Q. Okay. Let's go to Page 130, Line 15. 2 Do you see that, Ms. Cheung? On line 15, he's 3 asked: What is the projected spend for plugging 4 and abandonment on the Legacy Apache properties? 5 And he says, "Can you be more 6 specific?"</b></p> <p>7       <b>The question is for year 2021. And 8 he says, "In these projections, Fieldwood 1 is 9 projecting to spend 70 million between May to 10 December 2021 period."</b></p> <p>11       A. Yes, I see that.</p> <p>12       <b>Q. Does that refresh your memory of what he 13 said?</b></p> <p>14       A. Yes.</p> <p>15       <b>Q. And those amounts, for purposes of your 16 report, did you assume that that \$70 million 17 projection represented a required expense rather 18 than a discretionary expense?</b></p> <p>19       A. I do not believe that was the required 20 amount.</p> <p>21       <b>Q. Do you have a belief as to what the 22 required amount is?</b></p> <p>23       A. Not specifically, but closer to what 24 their schedule lined out. The ones that I have 25 for 2021.</p>	<p>1       <b>spend 175 million on P &amp; A this year. Is there?</b></p> <p>2       A. There are some regulatory requirements. 3 The -- the 175, I can't tell you exactly what is 4 required by regulatory, but my understanding is 5 that there are regulatory requirements that would 6 require additional fields to be abandoned beyond 7 the 70 million they have in the Exhibit O.</p> <p>8       <b>Q. So you would agree there is an element 9 of discretion as it relates to the \$175 million 10 figure; right?</b></p> <p>11            MR. KNAPP: Objection. Form.</p> <p>12            THE WITNESS: Yes.</p> <p>13 BY MR. GENENDER:</p> <p>14       <b>Q. And you understand Mr. Dane testified 15 that Fieldwood 1 is projected to spend 70 million 16 between May and December of 2021 on P &amp; A; right?</b></p> <p>17       A. That is my understanding.</p> <p>18       <b>Q. Do you understand that he testified that 19 was a projection as opposed to a requirement?</b></p> <p>20       A. I don't know the answer to that.</p> <p>21       <b>Q. Let's turn to Page 130 of 22 Mr. Dane -- Mr. Dane's testimony. Did you review 23 all of Mr. Dane's deposition?</b></p> <p>24       A. I sat in on his deposition but I did not 25 review the document in its entirety.</p>	<p>102</p> <p>1       <b>Q. What's your basis, what is your factual 2 basis for that belief?</b></p> <p>3       A. When I reviewed their P &amp; A costs 4 associated with specific fields, I can identify 5 which field has been offline or expired. And 6 when a field is expired or terminated, there is a 7 regulation that those fields need to be abandoned 8 in the short-term.</p> <p>9       <b>Q. How were you able to quantify that?</b></p> <p>10       A. Fieldwood had provided their per field 11 abandonment costs and I cross-referenced that 12 with the status of the field. And I am able to 13 see which fields are no longer producing and have 14 been expired, relinquished or terminated and I 15 see a value that is higher than 70 in the first 16 year.</p> <p>17       <b>Q. How much higher was it?</b></p> <p>18       A. Let me see if I have that in my notes, 19 in my report. On Page 13 I don't outline it per 20 year, but what is associated with the expired, 21 relinquished, terminated and in addition to the 22 fields that are not returning to production, I 23 was able to sum up 437 million.</p> <p>24       <b>Q. Over how many years?</b></p> <p>25       A. It's not over a number of years, but it</p>
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<p>1 is expected in the near term because these wells,    2 these fields are not producing, the best    3 deregulation would require the abandonment of    4 these fields.</p> <p>5 <b>Q. Who do you think knows more about these</b>    6 <b>fields? Mr. Dane or you?</b></p> <p>7 MR. KNAPP: Objection.</p> <p>8 Argumentative.</p> <p>9 BY MR. GENENDER:</p> <p>10 <b>Q. I'm not trying to argue, I'm just</b>    11 <b>asking.</b></p> <p>12 MR. KNAPP: Objection.</p> <p>13 THE WITNESS: I'm going to say</p> <p>14 Mr. Dane.</p> <p>15 BY MR. GENENDER:</p> <p>16 <b>Q. If I asked you others, executives, other</b>    17 <b>personnel at Fieldwood, would your answer be the</b>    18 <b>same?</b></p> <p>19 A. Yes.</p> <p>20 <b>Q. What was your -- when you were on the</b>    21 <b>phone with Mr. Dane was he forthright with you?</b></p> <p>22 MR. KNAPP: Objection. Vague.</p> <p>23 THE WITNESS: I would say for the</p> <p>24 most part.</p> <p>25 BY MR. GENENDER:</p>	<p>1 MR. KNAPP: Objection. Form.</p> <p>2 THE WITNESS: I think so.</p> <p>3 BY MR. GENENDER:</p> <p>4 <b>Q. Thank you. Do you have an understanding</b>    5 <b>of whether or not the \$70 million figure reflects</b>    6 <b>available cash flow that Fieldwood 1 expects to</b>    7 <b>have to put toward the larger anticipated 175</b>    8 <b>million P &amp; A opportunities for 2021?</b></p> <p>9 A. That is my understanding.</p> <p>10 <b>Q. Thank you. Let's turn to your final</b>    11 <b>conclusion and that is that P &amp; A amounts in</b>    12 <b>Exhibit O, the disclosure statement, do not</b>    13 <b>account for all costs.</b></p> <p>14 MR. KNAPP: Objection. Form.</p> <p>15 MR. GENENDER: Did I say something</p> <p>16 funny?</p> <p>17 MR. KNAPP: No. Sorry. That's not</p> <p>18 what it says.</p> <p>19 MR. GENENDER: I was not finished</p> <p>20 with it. Let me go ahead and finish it.</p> <p>21 BY MR. GENENDER:</p> <p>22 <b>Q. So your fourth opinion, let's just read</b>    23 <b>it then. I don't want to characterize it. "The</b>    24 <b>P &amp; A amounts forecasted in Exhibit O, the</b>    25 <b>disclosure statement, do not account for full</b></p>
106	108
<p>1 <b>Q. Do you think he tried to answer your</b>    2 <b>questions?</b></p> <p>3 A. Yes.</p> <p>4 <b>Q. And as it relates to this opinion, you</b>    5 <b>didn't take into account other sources of capital</b>    6 <b>on that; right?</b></p> <p>7 A. I did not.</p> <p>8 <b>Q. And if you knew -- you understand that</b>    9 <b>Fieldwood 1 is not limited to the cash flow in</b>    10 <b>Exhibit O, it's financial projections alone</b>    11 <b>satisfy its P &amp; A obligations; right?</b></p> <p>12 MR. KNAPP: Objection. Form.</p> <p>13 THE WITNESS: Correct.</p> <p>14 BY MR. GENENDER:</p> <p>15 <b>Q. And you understand Mr. Dane testified to</b>    16 <b>that; right?</b></p> <p>17 A. I would have to re-read his testimony to</p> <p>18 answer that.</p> <p>19 <b>Q. Let me ask you a better question. Are</b>    20 <b>you aware that he testified that Fieldwood 1 has</b>    21 <b>sufficient resources -- excuse me.</b></p> <p>22 <b>Are you aware that Mr. Dane</b>    23 <b>testified that Fieldwood 1 has sufficient sources</b>    24 <b>of capital to address all obligations that are</b>    25 <b>anticipated to arise?</b></p>	<p>1 <b>regulatory compliance at the timely abandonment</b>    2 <b>of expired, relinquished or terminated leases nor</b>    3 <b>does it account for the full near term</b>    4 <b>abandonment costs associated with shut-in fields</b>    5 <b>that have recently been disclosed as not</b>    6 <b>returning to production."</b></p> <p>7 <b>Did I read that correctly?</b></p> <p>8 A. Yes.</p> <p>9 <b>Q. Okay. How did you arrive at that</b>    10 <b>opinion?</b></p> <p>11 A. I evaluated based on the Fieldwood cost</p> <p>12 per field, which fields are not currently</p> <p>13 producing and have been expired, relinquished or</p> <p>14 terminated in addition to the list of fields that</p> <p>15 they have -- that Fieldwood provided that they</p> <p>16 are not returning to production which can be</p> <p>17 assumed shortly thereafter with the expired</p> <p>18 lessee.</p> <p>19 And summing up those costs</p> <p>20 associated with those fields, the P &amp; A of those</p> <p>21 wells and platforms, the cost provided by</p> <p>22 Fieldwood for those fields sums up to more than</p> <p>23 the amount that was shown in Exhibit O.</p> <p>24 <b>Q. Again, that doesn't take into account</b>    25 <b>other sources of capital; right?</b></p>

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<p>1 MR. KNAPP: Objection. Form.  2 THE WITNESS: Right.  3 BY MR. GENENDER:  4 <b>Q. So in your report on Page 13 says,</b>  5 <b>"Expired, relinquished, terminated fields not</b>  6 <b>returning to production account for 437 million</b>  7 <b>or 46 percent of Fieldwood 1's remaining</b>  8 <b>liability."</b>  9 <b>Did I read that right?</b>  10 A. Yes.  11 <b>Q. Now that 437 million number does not</b>  12 <b>reflect potential delays in the termination</b>  13 <b>expiration or relinquishment of leases; right?</b>  14 A. It accounts for -- there are a subset of  15 those that are already expired, relinquished and  16 terminated.  17 <b>Q. Your report says that amount will be</b>  18 <b>needed by Fieldwood 1 within a one-year period</b>  19 <b>due to federal regulations on the commission;</b>  20 <b>right?</b>  21 A. Yes. But I also say some of it may be  22 delayed due to circumstances.  23 <b>Q. Yes. So thank you. The 437 million</b>  24 <b>doesn't reflect delays in termination, expiration</b>  25 <b>or relinquishment of leases; right?</b></p>	<p>109</p> <p>1 Q. Okay. Are you saying -- is your  2 testimony there are no potential re-completions  3 associated with those fields? Is that what you  4 are saying?  5 A. For the fields that have already been  6 terminated, there is absolutely no more work to  7 be done there. And then the remaining group of  8 fields have been determined by Fieldwood to not  9 return to production.  10 <b>Q. Does the 437 million figure reflect any</b>  11 <b>agreements or forbearances granted or which might</b>  12 <b>be granted by the government?</b>  13 MR. KNAPP: Objection. Form.  14 THE WITNESS: I'm not aware of any  15 government changes.  16 BY MR. GENENDER:  17 <b>Q. That's not my question, though. Do you</b>  18 <b>remember my question?</b>  19 A. Can you repeat it, please?  20 <b>Q. Sure. Sure. Does the 437 million</b>  21 <b>reflect any agreements or forbearances granted or</b>  22 <b>which could be granted by the government?</b>  23 MR. KNAPP: Objection. Form.  24 THE WITNESS: I would answer that  25 with no, because I'm not familiar with what</p>	<p>111</p> <p>110</p> <p>1 MR. KNAPP: Objection. Form.  2 THE WITNESS: Repeat that, please.  3 BY MR. GENENDER:  4 <b>Q. Sure. The 47 million or as you say 46</b>  5 <b>percent of Fieldwood 1's remaining liability,</b>  6 <b>that figure could go down based on delays in the</b>  7 <b>termination, expiration or relinquishment of</b>  8 <b>leases; right?</b>  9 MR. KNAPP: Same objection.  10 THE WITNESS: I don't -- I don't  11 fully understand the question. If the \$437 could  12 be reduced? Is that what you are asking? If it  13 could be reduced because certain fields can be  14 delayed in terms of --  15 BY MR. GENENDER:  16 <b>Q. Yes.</b>  17 A. It could be decreased within that  18 five-year period.  19 <b>Q. Thank you. And the 437 million</b>  20 <b>calculation doesn't reflect potential</b>  21 <b>re-completion efforts by the Debtors; right?</b>  22 MR. KNAPP: Objection.  23 THE WITNESS: There are no  24 re-completions associated with those fields.  25 BY MR. GENENDER:</p>	<p>112</p> <p>1 conversations have been had.  2 BY MR. GENENDER:  3 <b>Q. Okay. You would defer to those that</b>  4 <b>are; right?</b>  5 A. Right.  6 MR. KNAPP: Objection.  7 BY MR. GENENDER:  8 <b>Q. Thank you.</b>  9 MR. GENENDER: Why don't we take a  10 short break? About five minutes. Okay?  11 MR. KNAPP: Okay.  12 MR. GENENDER: Thanks, guys.  13 (Recess taken.)  14 MR. GENENDER: Ms. Cheung, those  15 are the questions I have at this time.  16 Obviously, we reserve our rights. We have, you  17 know, some issues regarding documents and  18 documents and materials that were provided to us.  19 We will reserve our rights to that; and subject  20 to that, I will pass the witness.  21 MR. KNAPP: We will reserve our  22 questions. There was a Cross-Notice from BF.  23 Anyone going to ask questions from BF?  24 MR. DUEWALL: No questions at this  25 time.</p>
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113  
1 MR. GENENDER: Okay. Well, I'll  
2 see many of you at 3:30 Central.  
3 (Deposition concluded at 1:33 p.m.  
4 CDT.)  
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114  
1 UNITED STATES BANKRUPTCY COURT  
2 FOR THE SOUTHERN DISTRICT OF TEXAS  
3 HOUSTON DIVISION  
4 In re: : Chapter 11  
5 :  
6 FIELDWOOD ENERGY L.L.C., : Case No. 20-33948 (MI)  
7 et al., :  
8 :  
9 Debtors. : (Jointly Administered)  
10  
11 REPORTER'S CERTIFICATION  
12 REMOTE VIDEO TAPE DEPOSITION OF  
13 LILY W. CHEUNG  
14 June 4, 2021  
15 I, Suzanne Kelly, Certified Shorthand Reporter in  
16 and for the State of Texas hereby certify to the  
17 following:  
18 That the witness, LILY W. CHEUNG, was duly sworn  
19 by the officer and that the transcript of the  
videotaped oral deposition is a true record of the  
testimony given by the witness;  
20  
21 That the amount of time used by each party at the  
22 deposition is as follows:  
23 Mr. Genender: One hours and 58 minutes;  
24 I further certify that I am neither counsel for,  
25 related to, nor employed by any of the parties or  
attorneys in the action in which this proceeding was  
taken, and further that I am not financially or  
otherwise interested in the outcome of the action.  
In witness whereof, I have this date subscribed my  
name on this 5th day of June, 2021.  
21  
22  
23  
24  
25  
Suzanne Kelly  
<%signature%>  
Suzanne Kelly, RDR, CRR  
LEXITAS  
Firm Registration No. 736  
Suite 118  
999 Old Eagle School Road  
Wayne, Pennsylvania 19087-1707  
215.494.7650

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